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Israel: May 2021 Violence, Other Background, and U.S. Relations in Brief

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SUMMARY

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Israel: May 2021 Violence, Other Background, and U.S. Relations in Brief

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

Violence and unrest over Gaza and Jerusalem. Violence and unrest has flared in May 2021 around Gaza and Jerusalem, and has sparked Arab-Jewish rioting in some Israeli cities—partly in connection with a controversial case about the possible eviction of several Palestinians from their East Jerusalem homes. As a result, prospects of an Israeli government forming imminently to replace Prime Minister Binyamin Netanyahu appear to have collapsed. Israel-Gaza violence has escalated to a level not seen since 2014 as the Sunni Islamist group Hamas (a U.S.-designated terrorist organization) and other militants fire rockets into Israel, and Israel retaliates inside Gaza. Depending on how the tensions escalate or deescalate, they could have implications for a number of U.S. policy considerations, including aid for Israel and the Palestinians, and how the Biden Administration and Members of Congress might focus on Israeli-Palestinian and related regional issues. Some Members of Congress who support a cease-fire may be seeking more time to review a proposed $735 million sale of precision-guided munitions to Israel that the Biden Administration notified to relevant congressional committees on May 5.

Domestic issues: An end to or continuation of Netanyahu's rule? After the collapse of its power-sharing government in December 2020, Israel held another round of elections—an unprecedented fourth in two years—for its Knesset (parliament) in March 2021. Prime Minister Binyamin Netanyahu of the Likud party—the largest in the Knesset—has been unable to form a new government in the face of significant opposition to his continued rule, while he faces an ongoing criminal corruption trial. Yair Lapid of the Yesh Atid party has until early June to forge a coalition supported by disparate parties from across the political spectrum. As Arab-Jewish tensions escalated amid the May violence, Naftali Bennett—whose right-of-center Yamina party was critical to Lapid's efforts—announced that he would not join such a coalition. If no one can form a government, another round of elections would probably take place in the fall of 2021, and Netanyahu would remain as caretaker prime minister (as he did from December 2018 to May 2020) until November 17, when the power-sharing arrangement Netanyahu entered into last year would lead to Defense and Justice Minister Benny Gantz of the Kahol Lavan party taking over in the caretaker role.

Palestinians and Arab state normalization. In hopes of preserving the viability of a negotiated two-state solution among Israelis and Palestinians, the Biden Administration has stated its intention to reengage with Palestinian leaders and people, after the Trump Administration took several actions that generally favored Israeli positions and appeared to alienate Palestinian leadership. In April, the Biden Administration announced the resumption of some types of aid to the Palestinians. Amid some debate on issues that could affect aid to Israel and the Palestinians, the Administration has voiced opposition to unilateral steps—including annexation, settlement activity, or incitement to violence—by either side. Additionally, the Administration has expressed support for continuing the Arab-Israeli normalization efforts that began in 2020 under the Trump Administration, as reflected in agreements between Israel and the United Arab Emirates (UAE), Bahrain, Sudan, and Morocco. In connection with its deal with the UAE, Israel agreed in August 2020 to suspend plans to annex part of the West Bank, though announcements related to settlement activity have accelerated since then.

Israeli normalization with Arab states could raise questions about the future of cooperation and rivalry among key actors in the Middle East. Arab-Israeli common cause could intensify, dwindle, or fluctuate in countering Iran and perhaps even Turkey and Qatar, two countries that provide some support for Sunni Islamist movements. The January 2021 shift of Israel from the purview of U.S. European Command to U.S. Central Command may increase Arab-Israeli military interoperability. Other factors affecting regional cooperation and rivalry might include U.S. arms sales (including a proposed sale of the F-35 Joint Strike Fighter and MQ-9 drone aircraft to the UAE), mutual economic benefits, and Arab public opinion. Some of these factors could determine whether Saudi Arabia drops preconditions related to Palestinian national demands on normalizing its relations with Israel.

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. Netanyahu has made statements opposing the Biden Administration's possible reentry into the agreement. In light of recent incidents targeting Iran's nuclear program that may have been Israeli covert actions, observers have speculated about future Israeli actions to influence or disrupt nuclear diplomacy. Israel also 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 improve the accuracy 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 at seaports in Haifa and Ashdod, in May 2020 Israel turned down the bid of a Chinese-affiliated company to construct a major desalination plant.

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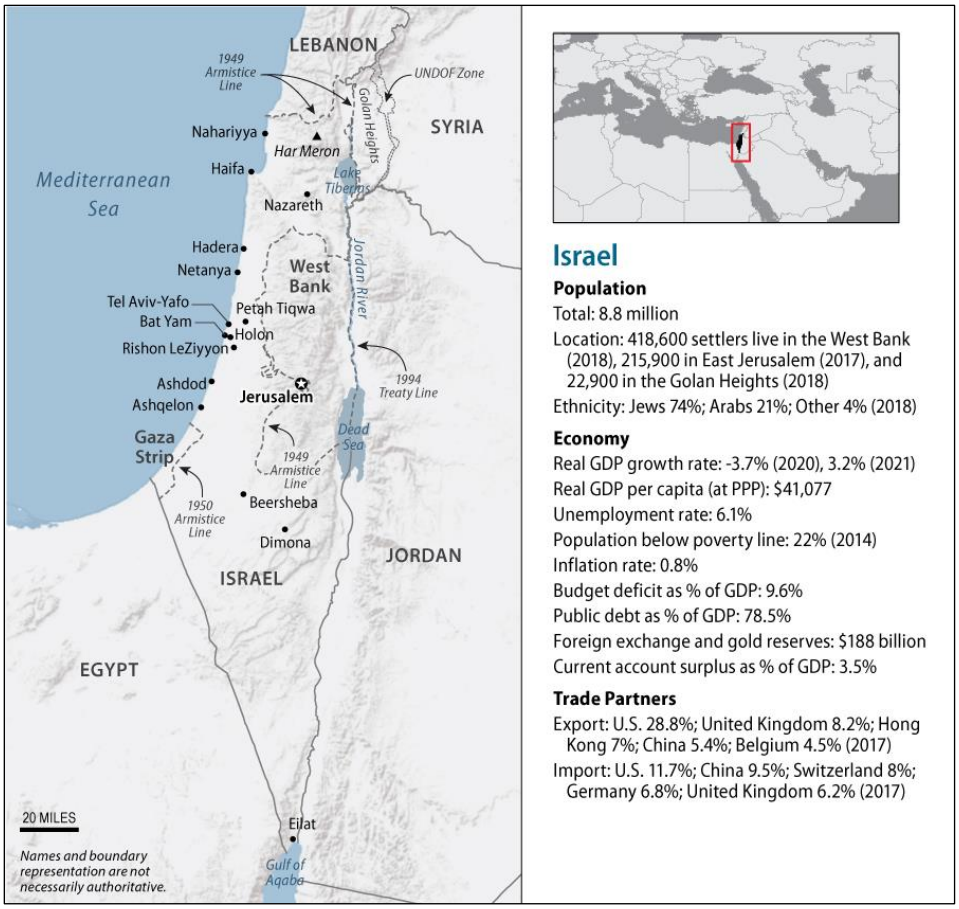
Introduction: Major Issues for U.S.-Israel Relations

Israel (see **Figure 1**) has forged close bilateral cooperation with the United States in many areas; issues with significant implications for U.S.-Israel relations include the following.

- Violence and unrest in May 2021 in and around the Gaza Strip, Jerusalem, and various Israeli cities.
- Israeli domestic political issues, including questions about whether March 2021 election results will lead to a new government or more elections, while Prime Minister Binyamin Netanyahu's criminal trial continues.
- Israel's security cooperation with the United States.
- Israeli-Palestinian issues and Israel's normalization of relations with various Arab states.
- Concerns about Iran's nuclear program and regional influence, including with Lebanon-based Hezbollah.
- Chinese investment in Israeli companies and infrastructure, and U.S. concerns about implications for U.S. national security.

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.

Figure 1. Israel: Map and Basic Facts



Sources: Graphic created by CRS. Map boundaries and information generated by Hannah Fischer using Department of State Boundaries (2017); Esri (2013); the National Geospatial-Intelligence Agency GeoNames Database (2015); DeLorme (2014). Fact information from CIA, *The World Factbook*; and Economist Intelligence Unit. All numbers are forecasts for 2021 unless otherwise specified.

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/the-world-factbook/countries/israel/map.

Violence and Unrest over Gaza and Jerusalem

Overview

Various factors have combined to fuel an escalation of unrest and violence in and around the Gaza Strip and Jerusalem in May 2021. Since May 10, the Sunni Islamist group Hamas (a U.S.-designated terrorist organization) and other militants based in the Gaza Strip have fired hundreds of rockets into Israel—reportedly causing at least 10 deaths and many more injuries, including from major barrages against population centers in the Tel Aviv area. Hamas's rocket attacks have

contributed to a major escalation as Israel's military has retaliated with regular airstrikes and some artillery fire, reportedly killing around 200 people (including dozens of militants and many civilians) and injuring hundreds more in Gaza.

Hamas has cast itself as a defender of Jerusalem amid unrest that mounted there during the Muslim holy month of Ramadan, including at the Temple Mount/Haram al Sharif ("Mount/Haram") holy sites—a place of frequent Jewish-Muslim contention.[1] Jerusalem also has been a focus of disillusionment among Palestinians since April because Palestinian Authority (PA) President Mahmoud Abbas had cited Israel's unwillingness to allow East Jerusalem Palestinians to vote in PA elections (scheduled for May) as grounds for their postponement.[2]

Gaza and Its Challenges

The Gaza Strip—controlled by Hamas, but significantly affected by general Israeli and Egyptian access and import/export restrictions—faces difficult and complicated political, economic, and humanitarian conditions.[3] Palestinian militants in Gaza periodically clash with Israel's military as it patrols Gaza's frontiers with Israel, with militant actions and Israeli responses sometimes endangering civilian areas in southern Israel and Gaza, respectively. These incidents periodically escalate toward larger conflict—with major hostilities taking place in 2008-2009, 2012, and 2014. Hamas and Israel reportedly work through Egypt and Qatar to help manage the flow of necessary resources into Gaza and prevent or manage conflict escalation.

Mounting tension in Jerusalem was fueled by provocations—reportedly aided by social media—tied to Israeli measures restricting Palestinian movement and worship in and around the Mount/Haram and Old City, isolated attacks by Palestinians, and demonstrations by Jewish nationalist groups.[4] Unrest intensified in response to controversy that surrounds the possible eviction of several Palestinian families from their longtime residences in the Sheikh Jarrah neighborhood of East Jerusalem, and stems from Israeli legal assertions that Jewish groups acquired the property years ago.[5] Israel's Supreme Court temporarily delayed a hearing on the case amid the unrest. Palestinian leaders and some activists and international actors claim that the case is part of a systematic Israeli disregard for Palestinian rights in East Jerusalem since the area's capture and effective annexation as a result of the 1967 Arab-Israeli war.[6] Critics of Israeli actions connect this situation with concerns about Jewish settlement activity and other allegations that Israel violates international law and Palestinian human rights.[7]

The ongoing violence between Israel and Gaza-based militants has escalated to a level not seen since 2014.[8] As during the three previous major conflicts in 2008-2009, 2012, and 2014, as the rockets from Gaza mostly target Israeli civilians, Palestinian civilians are also vulnerable. Israeli

[1] For background on Jerusalem and its holy sites, see CRS Report RL33476, *Israel: Background and U.S. Relations*, by Jim Zanotti.

[2] Daoud Kuttab, "Palestinian president decides —on his own— to postpone elections," *Al-Monitor*, April 30, 2021.

[3] CRS Report RL34074, *The Palestinians: Background and U.S. Relations*, by Jim Zanotti.

[4] "From TikTok to Temple Mount Clashes: 28 Days of Violence in Jerusalem," haaretz.com, May 10, 2021.

[5] Nir Hasson, "Jerusalem Clashes: How Palestinians Rallied Behind Sheikh Jarrah," haaretz.com, May 8, 2021. Some Israeli human rights organizations estimate that more than 1,000 Palestinians in East Jerusalem across a number of cases are at risk of being evicted from their current residences. Joseph Krauss, "Palestinians fear loss of family homes as evictions loom," *Associated Press*, May 10, 2021.

[6] Patrick Kingsley, "Israel's Supreme Court Delays Expulsion of Palestinian Families in East Jerusalem," *New York Times*, May 10, 2021.

[7] Al-Haq, Action Alert: International Community Must Take Immediate and Concrete Measures to Halt Israel's Aggression against Palestinian Jerusalemites, May 10, 2021.

[8] See Sam Sokol, "Israel-Gaza Conflict: How This Escalation Compares with Previous Rounds," haaretz.com, May 12, 2021.

strikes against militants in Gaza largely focus on targets in densely populated areas that can lead to collateral damage,[9] even if the Israel Defense Forces' claims about taking measures to warn civilians of impending strikes are accurate.[10] As thousands of civilians in Gaza seek to shelter away from targeted areas, the people's plight is exacerbated by deficient infrastructure and health care facilities, the Coronavirus Disease 2019 pandemic, and challenges to delivering needed utilities and resources.[11]

As the Israel-Gaza conflict has intensified, protests and/or rioting have broken out in several Israeli cities—including Lod, Acre, Haifa, and Jaffa—involving Arab citizens of Israel and Jewish nationalists.[12] Israel has mobilized reserve security forces,[13] and Jewish and Arab political leaders have spoken out in an effort to quell this unrest[14]—with some signs of abatement as of May 18.[15] While protests and a few incidents of violence have occurred in the West Bank, Palestine Liberation Organization (PLO) and Palestinian Authority (PA) leaders there have to this point refrained from the types of organized actions that triggered general Palestinian *intifadas* (uprisings) in 1987 and 2000.

U.S. Policy Implications and Assessment

Key U.S. policy considerations include how developments related to the outbreak of violence and Arab-Jewish unrest in Israel may affect U.S. aid—and its use—to Israel and the Palestinians; impact civilians and humanitarian needs in Gaza and elsewhere; and influence how the Biden Administration and Members of Congress focus on Israeli-Palestinian disputes, Iran's support for Hamas and other Palestinian militants, and other regional issues.[16]

U.S. diplomatic engagement might have some influence on developments. Before the May 10 escalation of Israel-Gaza violence, U.S. officials expressed concerns about the possible evictions in Sheikh Jarrah and unrest in Jerusalem.[17] The week after that, they condemned Palestinian rocket attacks, supported Israel's right to self-defense from them, bemoaned civilian casualties, and stated that Israelis and Palestinians are both entitled to safety and security.[18] Deputy Assistant Secretary of State for Israel and Palestinian Affairs Hady Amr has gone to the region to pursue deescalation. On May 16, Secretary of State Antony Blinken called for an immediate end to violence, while U.S. officials reportedly continued to block the U.N. Security Council from

[9] Aaron Boxerman, "'Screams under the rubble': 42 said killed in Israeli airstrike in Gaza City," *Times of Israel*, May 16, 2021.

[10] Felicia Schwartz and Jared Malsin, "Israel Says Strikes to Go On As Gaza Death Toll Mounts," *Wall Street Journal*, May 17, 2021.

[11] Raja Abdulrahim, "Thousands of Civilians Flee Airstrikes in Gaza," *Wall Street Journal*, May 18, 2021.

[12] Jack Khoury, "The Six Factors Stoking the Upheaval in Arab Israeli Society," haaretz.com, May 12, 2021.

[13] Afif Abu Much, "Police unable to stem violence in mixed Israeli cities," *Al-Monitor*, May 18, 2021.

[14] Sam Sokol, "Violence Between Arabs and Jews Inside Israel Further Inflame Gaza Conflict," haaretz.com, May 12, 2021; "Gantz orders callup of Border Patrol reserves as Arab-Jewish violence spirals," *Times of Israel*, May 13, 2021.

[15] Neri Zilber, "Israeli Officials Dispute Death Toll in Gaza Amid Onslaught," *Daily Beast*, May 18, 2021.

[16] See, for example, the text of a May 12 letter to President Biden from 44 Senators at https://www.rubio.senate.gov/public/_cache/files/ea5fb1cf-a6fa-4abc-983b-2945a4fc2667/93C0C6B98A3A9E07C0C725387D88E76A.05.12.21-letter-to-biden-re-israel-attacks.pdf; and the text of a May 12 letter from 25 Representatives to Secretary of State Antony Blinken at https://twitter.com/repmarkpocan/status/1392606239406923779/photo/1 and https://twitter.com/repmarkpocan/status/1392606247061442563/photo/1.

[17] "U.S. expresses 'serious concerns' about violent clashes in Jerusalem," *Reuters*, May 10, 2021.

[18] White House, Readout of President Joseph R. Biden, Jr. Call with Prime Minister Benjamin Netanyahu of Israel, May 12, 2021; State Department Press Briefings—May 10, 2021, and May 11, 2021.

issuing a statement calling for a cease-fire, perhaps partly due to its wording.[19] Israeli leaders have continued strikes in an apparent effort to impose a cost on Palestinian militants that might deter them from initiating future violence. In a May 17 phone call with Prime Minister Netanyahu, President Biden expressed support for a cease-fire, encouraged the protection of civilians and calming of intercommunal tensions, and reiterated support for Israel's right to defend itself from rocket fire.[20]

Several Members of Congress have called for a cease-fire,[21] while some others have argued that such calls should not constrain Israeli actions and may be considering resolutions in support of Israel.[22] Some Members who support a cease-fire, possibly including the chairman of the House Committee on Foreign Affairs, are reportedly seeking more time to review a proposed $735 million commercially licensed sale of precision-guided munitions to Israel that the Biden Administration notified to relevant congressional committees on May 5.[23] Under the Arms Export Control Act (AECA), after receiving notification of a proposed major arms export to certain countries (including Israel),[24] Congress has 15 days to enact a joint resolution of disapproval (entitled to expedited consideration under the AECA) to block the export.[25] For more on recent congressional views and action related to U.S. aid and arms sales to Israel, see "The Biden Administration and 117th Congress" section below.

Factors affecting escalation or deescalation of the violence could include

- whether Hamas assesses that continued conflict—despite more casualties and damage in Gaza—could boost its domestic popularity at PA President Abbas's expense, further fuel Arab-Jewish unrest, and increase pressure on Israel's leaders;[26]
- the extent to which Israeli measures (including its Iron Dome anti-rocket system and operations targeting Palestinian militants) prevent, deter, or provoke additional violence, and protect or harm Israeli and Palestinian civilians;[27]

[19] "UN General Assembly to meet on Gaza as US blocks 3rd Security Council resolution," *Times of Israel*, May 17, 2021.

[20] White House, Readout of President Joseph R. Biden, Jr. Call with Prime Minister Benjamin Netanyahu of Israel, May 17, 2021

[21] Ben Samuels, "Dozens of Democrats Urge Immediate Israeli-Palestinian Cease-fire to Prevent Further Loss of Life," haaretz.com, May 17, 2021.

[22] Jacob Magid, "Top Democrat looking to delay $735 million sale of precision missiles to Israel," *Times of Israel*, May 17, 2021.

[23] Ibid.; State Department notification to congressional committees of jurisdiction; Jacqueline Alemany et al., "Biden administration's $735 million weapons sale to Israel faces scrutiny," *Washington Post*, May 18, 2021. This source also cited concerns raised by Secretary Blinken and some Members of Congress about Israel's claims that its military was targeting Hamas in a strike that destroyed a building in Gaza housing key international media outlets. For information on U.S. provision of precision-guided weapons to Israel, see CRS Report RL33222, *U.S. Foreign Aid to Israel*, by Jeremy M. Sharp.

[24] Commercially licensed arms sales must be formally notified to Congress 30 calendar days before the export license is issued if they involve the sale of major defense equipment valued at $14 million or more, or defense articles or services valued at $50 million or more (Section 36(c) of the AECA). In the case of such sales to NATO member states, Japan, Australia, South Korea, Israel, or New Zealand, Congress must be formally notified 15 calendar days before the Administration is authorized to proceed with a given sale. For more information, see CRS Report RL31675, *Arms Sales: Congressional Review Process*, by Paul K. Kerr.

[25] For more information, see CRS Report RL31675, *Arms Sales: Congressional Review Process*, by Paul K. Kerr.

[26] Neri Zilber, "The War That Shouldn't Have Been," *Newlines Magazine*, May 13, 2021.

[27] Joel Gehrke, "Israel's Iron Dome missile-defense system is facing a severe test," *Washington Examiner*, May 12, 2021. For more on Iron Dome, see CRS Report RL33222, *U.S. Foreign Aid to Israel*, by Jeremy M. Sharp.

- disruptions or perceived disruptions to the "status quo" arrangement governing worship at Jerusalem's holy sites, especially the Mount/Haram;[28]
- unsettled questions of leadership and succession within both Israel and the Palestinian Authority;[29]
- how international actors respond, including U.S. officials and lawmakers, and Arab states who have recently improved or sought to improve their relations with Israel; and
- diplomacy addressing various parties' grievances and concerns, with Egyptian officials playing a key mediating role between Israel and Hamas.[30]

As discussed below, the spike in Arab-Jewish tensions since May 10 appears to have ended the previously imminent prospect of a government replacing Prime Minister Netanyahu with support from right-of-center and Arab-led parties.[31]

After March 2021 Elections: Will Netanyahu's Rule End or Continue?

On March 23, 2021, Israel held its fourth election in the past two years (previous elections took place in April and September 2019 and March 2020). The Likud party, led by Prime Minister Netanyahu, won the most Knesset seats in the March 23 election (see **Appendix**), despite criminal indictments against Netanyahu for corruption (see **Table 1**).

[28] "From TikTok to Temple Mount Clashes: 28 Days of Violence in Jerusalem," haaretz.com, May 10, 2021. Under the "status quo" arrangement (largely based on past practices dating from the 16th century that Israel pledges to uphold), Muslims can access the Mount/Haram 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 Mount/Haram.

[29] Neri Zilber, "Violent Jerusalem Clashes Just the Start of Bloody Days to Come," *Daily Beast*, May 10, 2021; Ghaith al-Omari, "To Vote or Not to Vote: Implications of Postponing Palestinian Elections," Washington Institute for Near East Policy, PolicyWatch 3477, April 28, 2021.

[30] Felicia Schwartz and Jared Malsin, "Israel Says Strikes to Go On As Gaza Death Toll Mounts," *Wall Street Journal*, May 17, 2021.

[31] Barak Ravid, "Israel's 'change bloc' collapses, leaving Netanyahu in charge," *Axios*, May 13, 2021.

Table 1. 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

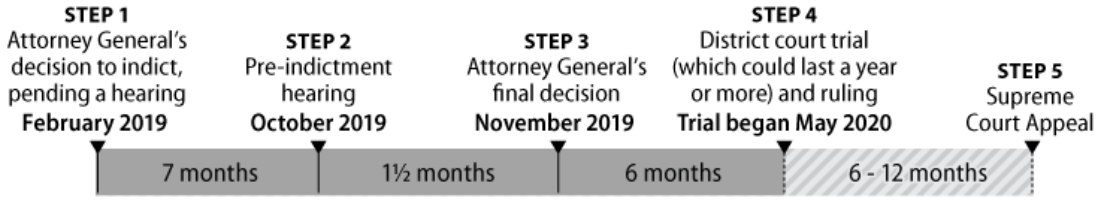
Netanyahu's defense: He had no intention of implementing the deal, and relations between politicians and the media should not be criminalized.

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 graphics 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.

The bloc of parties that openly support Netanyahu is short of majority backing in the Knesset. Some politicians on the right of the political spectrum—ideologically close to Netanyahu—have adopted critiques of Netanyahu previously made by many from the left and center, claiming that he prioritizes his individual power and survival over Israeli national interests, institutions, and rule of law. Also, as discussed below, prospects for a Knesset majority forming to support a coalition opposed to Netanyahu's continued role have appeared to evaporate amid Arab-Jewish tensions after the May 10 escalation of violence. The possible stalemate could result in another election taking place later in 2021. A March *Wall Street Journal* article analyzed some effects of the ongoing political dysfunction:

> Israel has been without a permanent budget for 13 months now, the longest period in its history. Infrastructure spending and other government programs are stalled, including plans for a high-speed rail link between Tel Aviv and Eilat, a port and resort on the Red Sea. The beginning of the school term earlier this year was delayed when the parliament neglected to pass a special budget for schools to open. The lack of a long-term budget also has affected the Israeli military's midterm procurement plans.[32]

In April, Netanyahu received the initial task from Israeli President Reuven Rivlin to try to form a government, but could not do so within the allotted four weeks. Netanyahu might expect a government he leads to end or mitigate the ongoing criminal proceedings against him, while agreeing to support priorities of coalition partners who may seek West Bank annexation, less independence for Israel's judiciary, and continued preferential treatment for ultra-Orthodox citizens. Some Israeli and international observers have expressed concern about the possibility of far-right figures under the new Religious Zionism list gaining influence in a Netanyahu-led government.[33]

On May 5, Rivlin gave four weeks to the Yesh Atid party's Yair Lapid to form a government. Lapid, in seeking to oust Netanyahu, proposed a unity government supported by parties on the right (Yamina, New Hope, Yisrael Beitenu), center (Kahol Lavan), and left (Labor, Meretz) of the political spectrum, as well as the Arab-led United Arab List (UAL or Ra'am) and/or Joint List (see **Appendix**).[34] To secure the support of right-leaning parties, Lapid sought to have Yamina leader Naftali Bennett—a staunch advocate of Israeli West Bank settlements and partial West Bank annexation—serve as prime minister for the first 27 months of the government's term, with Lapid rotating into the prime minister's office after that.

While prospects for such a coalition were initially favorable, they appear to have collapsed following the escalation of violence in and around Israel and Gaza. On May 13, Bennett announced that he would not support this coalition, and instead would pursue discussions about a coalition with Prime Minister Netanyahu and various centrist and right-of-center figures.[35] If Lapid cannot form a government by June 2, and no one else from the Knesset can do so in the subsequent two weeks, a new election would be scheduled for a few months later.

Netanyahu and other members of the power-sharing government that formed in May 2020—or their successors, if any of them leave office—are to serve in an interim capacity until someone establishes a majority-backed coalition. By its terms, the power-sharing agreement would make Defense and Justice Minister Benny Gantz prime minister in November 17, 2021 in the absence of a new coalition agreement. Prime Minister Netanyahu has proposed an initiative to have direct elections for prime minister that, if enacted by the Knesset, could boost his chances to remain in power longer.[36]

U.S. Security Cooperation[37]

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, and expedites aid

[32] Felicia Schwartz, "Israel's Election Impasse Threatens Covid Recovery," *Wall Street Journal*, March 25, 2021.

[33] Joseph Krauss, "Far-right party set to gain new influence after Israeli vote," *Associated Press*, March 23, 2021.

[34] Guillaume Lavallee, "Israel's Lapid Faces Daunting Path to Anti-Netanyahu Govt," *Agence France Presse*, May 6, 2021.

[35] Gil Hoffman, "Bennett backs down from anti-Netanyahu gov't as Arab-Jewish riots grow," jpost.com, May 13, 2021.

[36] "Netanyahu wrongly claims directly elected PM will 'automatically' form coalition," *Times of Israel*, April 22, 2021.

[37] For more information, see CRS Report RL33222, *U.S. Foreign Aid to Israel*, by Jeremy M. Sharp.

and arms sales to Israel in various ways. 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. Israel was the first foreign country to purchase and operate the F-35 Joint Strike Fighter. Congress also has authorized and encouraged bilateral cooperation in a number of specific security-related areas, including anti-tunnel defense and countering drone aircraft. In January 2021, one source reported that Israel has provided the United States with two batteries of its Iron Dome missile defense system for deployment at U.S. military bases in the region or elsewhere, with additional batteries planned for U.S. use or possible export via U.S.-Israel coproduction.[38]

Key Foreign Policy Issues

The Palestinians and Arab State Normalization[39]

Trump Administration

During President Trump's time in office, his Administration took a number of actions on the decades-old Israeli-Palestinian conflict that favored Israeli positions vis-à-vis the Palestinians, as set forth below.

Selected Trump Administration Actions Impacting Israeli-Palestinian Issues

December 2017	President Trump recognizes Jerusalem as Israel's capital, prompting the Palestine Liberation Organization (PLO) and Palestinian Authority (PA) to cut off high-level diplomatic relations with the United States.
May 2018	The U.S. embassy opens in Jerusalem.
August 2018	The Administration suspends U.S. contributions to the U.N. Relief and Works Agency for Palestine Refugees in the Near East (UNRWA).
September 2018	The Administration reprograms FY2017 economic aid for the West Bank and Gaza to other locations, and announces the closure of the 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 claims in the Golan Heights.
November 2019	Secretary of State Michael Pompeo says that the Administration disagrees with a 1978 State Department legal opinion stating that Israeli settlements in the West Bank are inconsistent with international law.
January 2020	President Trump releases Israeli-Palestinian peace proposal that largely favors Israeli positions and contemplates possible U.S. recognition of Israeli annexation of some West Bank areas.
August 2020	Israel and the United Arab Emirates (UAE) announce the first of four cases in which the Trump Administration facilitates some normalization of Israel's relations

[38] Yaniv Kubovich, "Israel allows U.S. to deploy Iron Dome missile defense in the Gulf," haaretz.com, January 24, 2021.

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

	with Arab states (Bahrain, Sudan, and Morocco follow later in the year). Israel suspends consideration of West Bank annexation in connection with the UAE deal.
October 2020	The United States and Israel sign agreements removing restrictions on three binational foundations from funding projects in areas administered by Israel after the 1967 Arab-Israeli War. The foundations are the Binational Industrial Research and Development Foundation (BIRD), the Binational Science Foundation (BSF), and the Binational Agricultural Research and Development Foundation (BARD).
November 2020	Secretary Pompeo announces a change in U.S. product labeling regulations, requiring products from Israeli settlements in the West Bank to be identified as coming from Israel.

As mentioned above, in the second half of 2020 the Trump Administration's diplomatic focus pivoted from its January 2020 Israeli-Palestinian peace proposal to helping Israel reach agreements on normalization with some Arab countries, as follows:

- **United Arab Emirates (UAE) and Bahrain.** In September 2020, Israel signed the Abraham Accords with the UAE and Bahrain at the White House. Under the Accords, the UAE and Bahrain have established full diplomatic relations with Israel, and seek to boost cooperation in a number of other areas, including trade, investment, and tourism.
- **Sudan.** Sudan signed onto the Abraham Accords in January 2021 after an October 2020 joint statement with Israel announcing their plans to normalize relations, and after Sudan's removal from the U.S. state sponsors of terrorism list.[40] The Sudanese transitional leadership has said that normalization remains contingent on ratification by a yet-to-be-formed legislative council.
- **Morocco.** Morocco agreed to sign onto the Abraham Accords in December 2020 at the same time President Trump announced U.S. recognition of Moroccan sovereignty claims over the disputed territory of Western Sahara.[41] While Morocco's initial plan—perhaps pending the opening of a U.S. consulate in Western Sahara[42]—is to restore the diplomatic liaison offices it maintained with Israel from 1994 to 2000, the countries' agreement could lead to full diplomatic relations along with increased economic and tourism links.

In connection with its deal with the UAE, Israel agreed in August 2020 to suspend plans to annex part of the West Bank, with one source stating that the UAE received a commitment from U.S. officials that they would not approve Israeli annexation until at least January 2024.[43]

Before Israel's late 2020 dealings with the UAE, Bahrain, Sudan, and Morocco, Egypt and Jordan had been the only Arab states with formal diplomatic relations with Israel.[44] In 1981, Saudi

[40] CRS Insight IN11531, *Sudan's Removal from the State Sponsors of Terrorism List*, by Lauren Ploch Blanchard. The United States also agreed to provide around $1 billion in bridge financing to clear Sudan's arrears with the World Bank and allow it to receive future funding. Sami Magdy, "Sudan says it signs pact on normalizing ties with Israel," *Associated Press*, January 6, 2021.

[41] CRS Insight IN11555, *Morocco-Israel Normalization and U.S. Policy Change on Western Sahara*, by Alexis Arieff, Jim Zanotti, and Brock R. Williams. The signing took place later that month.

[42] Mohammed Ayesh, "Arabic press review: Morocco-Israel deal frozen until Biden's Western Sahara stance clear," *Middle East Eye*, January 22, 2021.

[43] Jacob Magid, "US assured UAE it won't back Israel annexation before 2024 at earliest, ToI told," *Times of Israel*, September 13, 2020. For information on the annexation issue, see CRS Report R46433, *Israel's Possible Annexation of West Bank Areas: Frequently Asked Questions*, by Jim Zanotti.

[44] Egypt and Israel signed a peace treaty in 1979, and Jordan and Israel did the same in 1994.

Arabia's then-Crown Prince Fahd bin Abd al Aziz Al Saud proposed a formula—later enshrined in the 2002 Arab Peace Initiative (API)—under which Israel would make certain concessions, including on Palestinian statehood, before Arab states would normalize their relations with it.[45] After Israel started negotiating directly with the Palestinians in the 1990s, it established limited diplomatic relations with Morocco, and informal ties with a number of other Arab states, including the UAE and Bahrain.[46] These countries downgraded their ties with Israel after the onset of the second Palestinian *intifada* (or uprising) in 2000. However, in the past decade discreet Israeli links with Arab states on issues including intelligence, security, and trade have become closer and more public. Israel has worked with these countries to counter common concerns, such as Iran's regional influence and military capabilities (see "Iran and the Region" below) and Sunni Islamist populist movements (including various Muslim Brotherhood branches and affiliates).[47]

Strategic Assessment

Assessing Arab-Israeli normalization to date involves considering its implications both for Israeli-Palestinian issues and the future of regional cooperation and rivalry.

Israeli-Palestinian Issues

Israel's deals with Arab states could be interpreted as vindicating Prime Minister Netanyahu's long-standing claim that he could normalize Israel's relations with Arab countries before reaching a peace agreement with the Palestinians. They also signal some change to Arab states' previous insistence—in the 2002 API—that Israel address Palestinian negotiating demands as a precondition for improved ties.[48] However, official statements from Saudi Arabian officials continue to condition Saudi normalization with Israel on the API's provisions.[49] In late 2020, Saudi Arabia granted Israel flyover rights within its airspace to facilitate direct Israeli airline travel to the UAE and Bahrain.[50]

Palestine Liberation Organization (PLO) and Palestinian Authority (PA) officials denounced Arab states' normalization of relations with Israel as an abandonment of the Palestinian national cause. They expressed particular concern over the UAE deal, perhaps partly because the UAE has provided sanctuary and political support for Mohammad Dahlan, a former top PA figure

[45] 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 and adopted by the 22-member League of Arab States in 2002, and later accepted by the then-56-member Organization of the Islamic Conference (now the 57-member Organization of Islamic Cooperation) at its 2005 Mecca summit. The text of the initiative is available at http://www.bitterlemons.org/docs/summit.html.

[46] Miriam Berger, "Israel's relations in the Middle East, explained," washingtonpost.com, August 15, 2020; Adam Entous, "Donald Trump's New World Order," *New Yorker*, June 11, 2018; CRS Report 95-1013, *Bahrain: Unrest, Security, and U.S. Policy*, by Kenneth Katzman.

[47] Steve Hendrix, "Inside the secret-not-secret courtship between Israel and the United Arab Emirates," washingtonpost.com, August 14, 2020; CRS Report 95-1013, *Bahrain: Unrest, Security, and U.S. Policy*, by Kenneth Katzman.

[48] Annelle Sheline, "Trump's Win Is a Loss for the Middle East," *Politico Magazine*, August 14, 2020.

[49] HRH Prince Faisal bin Farhan Al Saud, First Plenary Session, International Institute for Strategic Studies Manama Dialogue, December 5, 2020.

[50] Yoel Guzansky, "Saudi Arabia and Normalization with Israel," Institute for National Security Studies, Insight No. 1396, October 29, 2020.

vehemently opposed by PLO Chairman and PA President Mahmoud Abbas. Dahlan may have aspirations to succeed Abbas.[51]

PLO/PA officials claimed that the UAE legitimized Israel's annexation threats by bargaining over them, and thus acquiesced to a West Bank status quo that some observers label "de facto annexation."[52] UAE officials countered that by significantly delaying Israeli declarations of sovereignty over West Bank areas, they preserved prospects for future negotiations toward a Palestinian state.[53] Since announcing the suspension of annexation plans, Prime Minister Netanyahu has appealed to domestic pro-settler constituencies with a number of announcements related to settlement construction and expansion in the West Bank and East Jerusalem.

Questions surround the impact that Arab states with open relations with Israel might have on Israeli-Palestinian diplomacy. Will these states influence Israeli positions regarding the Palestinians, due to their closer access to Israeli leaders and Israeli interests in maintaining and improving ties with these countries? Or will these states have less leverage with Israel and possibly even support efforts to have Palestinians compromise their traditional demands?

Future of Regional Cooperation and Rivalry

Israeli normalization with Arab states could raise questions about the future of cooperation and rivalry among key actors in the Middle East. Depending on global and regional geopolitical trends, common cause could intensify, dwindle, or fluctuate between Israel and some Arab states to counter Iran and perhaps even Turkey and Qatar, two countries that provide some support for Sunni Islamist movements. In January 2021, President Trump ordered U.S. Central Command (CENTCOM), which commands U.S. military forces in most countries in the Middle East, to add Israel to its area of responsibility, partly to encourage military interoperability as a means of reinforcing closer ties between Israel and many Arab states.[54] Israel had previously been under the purview of U.S. European Command. While closer cooperation may result between Israel and some Arab governments, some others that have not normalized relations with Israel might encounter political challenges in joining CENTCOM deliberations involving Israel.

Other factors influencing regional cooperation and rivalry might include the following:

- **Arms sales.** Shortly after the UAE's normalization deal with Israel, the Trump Administration notified Congress of a proposed sale to the UAE of F-35 Joint Strike Fighters, armed MQ-9 Reaper drones, and munitions.[55] While noting the U.S. legal requirement to maintain Israel's QME, Israeli officials stated that they would not oppose the sale. The United States and UAE reportedly signed a letter of offer and acceptance for the sale in the final hours of the Trump Administration.[56] Implementing the deal and delivering the items is expected to take years. The outcome of this transaction and others that might follow to Arab

[51] See, for example, Neri Zilber, "The Talented Mr. Dahlan," *Newlines Magazine*, November 11, 2020.

[52] Walid Mahmoud and Muhammad Shehada, "Palestinians unanimously reject UAE-Israel deal," *Al Jazeera*, August 14, 2020.

[53] "UAE minister: We bought lot of time on annexation; Palestinians should negotiate," *Times of Israel*, August 14, 2020.

[54] Jared Szuba, "Trump orders US Central Command to include Israel amid strategic shift," *Al-Monitor*, January 15, 2021.

[55] Defense Security Cooperation Agency Transmittals 21-01, 21-03, and 21-05, November 10, 2020.

[56] Valerie Insinna, "Just hours before Biden's inauguration, the UAE and US come to a deal on F-35 sales," *Defense News*, January 20, 2021.

states in connection with normalization could depend on issues including QME considerations, human rights concerns (such as those involved in Yemen's ongoing conflict), and prospects for regional arms races involving suppliers such as Russia and China.[57]

- **Mutual economic benefits.** Wider access to markets, technology sharing, and road or rail infrastructure linking the Gulf with the Mediterranean are some of the potential economic benefits of expanded Israel-Arab relations.[58] Gulf states may feel urgency to attract investment that could help them diversify their fossil-fuel export-centered economies, and many regional countries may anticipate the need to boost their appeal as trade and investment partners in light of new opportunities amid increased global competition (including between the United States and China) for markets, resources, and infrastructure projects. Additionally, UAE sovereign wealth fund Mubadala signed a memorandum of understanding in April 2021 to purchase a stake in Israel's Tamar offshore natural gas field. Section 1279 of the U.S.-Israel Security Assistance Authorization Act of 2020 (Title XII, Subtitle H of the FY2021 National Defense Authorization Act, P.L. 116-283) authorized the establishment of a program to support Arab-Israeli cooperation on innovation and advanced technologies.
- **Arab public opinion.** Arab state leaders considering entering into or maintaining normalization with Israel might gauge whether expected benefits from normalization would outweigh concerns about popular criticism or unrest they might face for possibly undermining the Palestinian cause.[59] Public opinion polls from the past decade suggest relatively unchanging and widespread Arab opposition to diplomatic recognition of Israel.[60] Normalization efforts to date have not triggered significant unrest, but outside insight is limited into public opinion, its drivers, and how popular reactions are shaped by the nature of authoritarian Arab regimes. It is unclear whether Gulf populations with no direct history of armed conflict with Israel might be more willing to accept pragmatic cooperation with Israel than those in Egypt, Jordan, and other countries who have fought Israel in the past.

The above factors could influence future Saudi decisions on normalization with Israel. Some key Saudi figures—possibly including Crown Prince Mohammed bin Salman—may be willing to drop or ease preconditions for Saudi-Israel normalization that relate to the Israeli-Palestinian peace process. Specific incentives to do so could include heightened regional cooperation on Iran,

[57] CRS Report R46580, *Israel's Qualitative Military Edge and Possible U.S. Arms Sales to the United Arab Emirates*, coordinated by Jeremy M. Sharp and Jim Zanotti.

[58] The Israel-UAE treaty signed in September 2020 says, "Recognizing also their shared goal to advance regional economic development and the flow of goods and services, the Parties shall endeavor to promote collaborations on strategic regional infrastructure projects and shall explore the establishment of a multilateral working group for the 'Tracks for Regional Peace' project." The Israeli foreign ministry released a proposal for this project, a rail line from Israel to Saudi Arabia and the UAE via the West Bank and Jordan, in August 2019. A major part of its appeal would be allowing the participant countries to bypass the two major chokepoints of the Strait of Hormuz (Persian Gulf) and Bab al-Mandab (Red Sea). See Israeli Ministry of Foreign Affairs, Tracks for regional peace—regional land bridge and hub initiative, August 5, 2019.

[59] See, for example, Jared Malsin and Amira al-Fekki, "Egypt's 'Cold Peace' a Harbinger for Region," *Wall Street Journal*, December 17, 2020.

[60] Arab Center for Research and Policy Studies, *The 2019-2020 Arab Opinion Index: Main Results in Brief*, Figure 88, available at https://www.dohainstitute.org/en/Lists/ACRPS-PDFDocumentLibrary/Arab-Opinion-Index-2019-2020-Inbreef-English-Version.pdf.

U.S. offers of advanced arms, prospects to boost Saudi economic diversification, and greater Saudi influence over Muslim holy sites in Jerusalem.[61]

The Biden Administration and 117th Congress

The Biden Administration has said that it seeks to help Israel normalize its relations with Arab states in ways that preserve the viability of a negotiated two-state solution to the Israeli-Palestinian conflict. In the 117th Congress, companion bills encouraging Israel-Arab state normalization have been introduced in the Senate in March 2021 (S. 1061) and House in April (H.R. 2748). While the Administration briefly paused the UAE arms sales described above, it announced in April that the sales would proceed.[62] In the same month, the Administration announced a resumption of economic, humanitarian, and non-lethal security assistance to the Palestinians at a level somewhat lower than previously provided, perhaps partly owing to some legal constraints on U.S. economic aid that are linked to PLO/PA welfare payments that arguably incentivize acts of terror.[63] As part of the FY2021 Consolidated Appropriations Act enacted in December 2020, the Nita M. Lowey Middle East Partnership for Peace Act of 2020 (Title VIII of P.L. 116-260) authorized the future establishment of a fund to support Israeli-Palestinian dialogue and reconciliation programs, and an initiative to promote Israeli-Palestinian economic cooperation.

It is uncertain how the Biden Administration's resumption of U.S. aid for Palestinians and its other policies might affect Israeli-Palestinian issues broadly. Reports suggest that the Administration may not urgently press Israelis and Palestinians to resume direct negotiations.[64] It is also unclear whether the Administration will reverse Trump-era actions affecting U.S.-Palestinian diplomacy and the status of Israeli settlements in the West Bank.

International public debate has taken place over alleged Israeli human rights violations against Palestinians. International Criminal Court Prosecutor Fatou Bensouda announced in March that she was opening an investigation into possible crimes in the West Bank and Gaza.[65] Additionally, in April a bill was introduced in the House (H.R. 2590) that would not reduce or condition the amount of U.S. aid provided to Israel, but could place limits on its use in relation to some of those human rights allegations.[66] Later in April, 330 Representatives wrote a letter to the chair and ranking member of the House Appropriations Committee arguing against reducing funding or

[61] Guzansky, "Saudi Arabia and Normalization with Israel."

[62] Jacob Magid, "Biden aide on UAE F-35 sale: Only Israel was meant to have those jets in region," *Times of Israel*, November 1, 2020. For background on various issues at play, see CRS Report R46580, *Israel's Qualitative Military Edge and Possible U.S. Arms Sales to the United Arab Emirates*, coordinated by Jeremy M. Sharp and Jim Zanotti.

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

[64] Jacob Magid, "Biden hopes to deprioritize Israel-Palestinian conflict but might not be able to," *Times of Israel*, December 11, 2020.

[65] CRS Report RL34074, *The Palestinians: Background and U.S. Relations*, by Jim Zanotti.

[66] "Human Rights Watch accuses Israel of apartheid over treatment of Palestinians," *Associated Press*, April 27, 2021 (underlying Human Rights Watch report available at https://www.hrw.org/report/2021/04/27/threshold-crossed/israeli-authorities-and-crimes-apartheid-and-persecution, with the State Department's 2020 Country Report on Human Rights Practices: Israel, West Bank and Gaza available at https://www.state.gov/reports/2020-country-reports-on-human-rights-practices/israel-west-bank-and-gaza/).

adding conditions on security assistance to Israel,[67] citing a similar argument that President Biden made during the 2020 presidential race.[68]

Iran and the Region

Israeli officials cite Iran as one of their primary concerns, 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),[69] and (3) Iran's nuclear and missile programs and advanced conventional weapons capabilities. Israeli observers who anticipate the possibility of a future war similar or greater in magnitude to Israel's 2006 war against Lebanese Hezbollah refer to the small-scale military skirmishes or covert actions since then involving Israel, Iran, or their allies as the "the campaign between wars."[70]

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.[71] Some Israelis have voiced worries about how Iran's demonstrated ability in 2019 to penetrate Saudi air defenses and target Saudi oil facilities could transfer to efforts in targeting Israel.[72] In January 2021, one source claimed there was evidence that Iran has transferred advanced drones (loitering munitions) capable of targeting Israel or Arab Gulf states to the Iran-supported Houthi movement in Yemen.[73] Additionally, reported low-level Israel-Iran conflict in various settings—cyberspace, international waters, and the territory of other regional countries—has further exacerbated regional tensions.[74]

As the Biden Administration engages in international diplomacy to consider possibly reentering the JCPOA, Israel—with Prime Minister Netanyahu and other key figures opposing such a U.S. reentry—is one of several regional U.S. partners voicing interest in having its views taken into account.[75] Some observers speculate that Israeli covert or military operations might influence or

[67] Text of letter available at https://teddeutch.house.gov/uploadedfiles/2021.04.21_mou_letter_delauro_granger_signed.pdf.

[68] Omri Nahmias, "Biden: Israeli threats of annexation choke off hope of peace," jpost.com, May 20, 2020.

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

[70] See, for example, Efraim Inbar, "Iran and Israel: The Inevitable War?" Jerusalem Institute for Strategy and Security, January 6, 2021.

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

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

[73] Tom O'Connor, "Exclusive: Iran Positions 'Suicide Drones' in Yemen as Red Sea Tensions Rise," *Newsweek*, January 13, 2021.

[74] "Fighting in the Shadows: Israel and Iran," Soufan Center, March 30, 2021; Dalia Dassa Kaye, "Has Israel been sabotaging Iran? Here's what we know," washingtonpost.com, July 15, 2020.

[75] See also Yaniv Kubovich and Judy Maltz, "Israel's Chief of Staff: Return to Iran Deal Is 'Wrong,' Military Action 'Should Be on the Table,'" haaretz.com, January 27, 2021.

disrupt diplomacy on the nuclear issue.[76] An April 2021 explosion and power outage—widely attributed to Israel—that reportedly disabled thousands of centrifuges at Iran's Natanz uranium enrichment facility led Iran to begin enriching uranium to 60 percent purity, closer to weapons-grade levels.[77]

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.[78] Speculation persists about the potential for wider conflict and its regional implications.[79] 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.[80]

Ongoing tension between Israel and Iran raises questions about the potential for Israel-Hezbollah conflict. Various sources have referenced possible Iran-backed Hezbollah attempts to build precision-weapons factories in Lebanon.[81] 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.[82]

China: Investments in Israel and U.S. Concerns[83]

U.S. officials have raised some concerns with Israel over burgeoning Chinese investments in Israeli high-tech companies and civilian infrastructure.[84] Israel-China investment ties have grown since China announced its Belt and Road Initiative in 2013,[85] with Israel as an attractive hub of

[76] Daniel C. Kurtzer, Aaron David Miller, and Steven N. Simon, "Israel and Iran Are Pulling the United States Toward Conflict," foreignaffairs.com, April 26, 2021; Efraim Inbar and Eran Lerman, "The ramifications of a US return to the 2015 Iran deal—opinion," jpost.com, April 28, 2021.

[77] "Iran Begins 60 Percent Uranium Enrichment After Natanz Attack, Top Negotiator Says," haaretz.com (with content from *Associated Press* and *Reuters*), April 13, 2021.

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

[79] 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.

[80] See, for example, "Hezbollah says it has doubled its arsenal of guided missiles," *Associated Press*, December 28, 2020; Ben Hubbard and Ronen Bergman, "Who Warns Hezbollah That Israeli Strikes Are Coming? Israel," *New York Times*, April 23, 2020.

[81] "Hezbollah says it has doubled its arsenal of guided missiles," *Associated Press*; Ben Caspit, "Hezbollah, Israel losing red lines," *Al-Monitor*, September 4, 2019.

[82] See, for example, Amos Harel, "For Hezbollah, Beirut Devastation Makes Provoking Israel Even Riskier," haaretz.com, August 6, 2020.

[83] 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.

[84] Shira Efron et al., *Chinese Investment in Israeli Technology and Infrastructure: Security Implications for Israel and the United States*, RAND Corporation, 2020; Shira Efron, et al., *The Evolving Israel-China Relationship*, RAND Corporation, 2019; Jewish Institute for National Security of America, *Countering Chinese Engagement with Israel: A Comprehensive and Cooperative U.S.-Israeli Strategy*, February 2021.

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

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,[86] 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.[87] 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.[88] 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.[89] Apparently, debate continues within Israel's government about how to balance economic interests with national security concerns.[90]

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.[91] Two Israeli analysts wrote in March 2020 that Israeli officials reportedly blocked Chinese companies from working on Israeli communications infrastructure.[92] In May 2020, shortly after then-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 billion desalination plant, turning down the bid from a subsidiary of the Hong Kong-based CK Hutchison Group.[93]

Additionally, the U.S. Navy reportedly reconsidered its practice of periodically docking at the Israeli naval base in Haifa, because a state-owned Chinese company (the Shanghai International Port Group) secured the contract to operate a new terminal at Haifa's seaport for 25 years (beginning in 2021).[94] In the conference report (H.Rept. 116-333) accompanying the FY2020 National Defense Authorization Act (P.L. 116-92), Congress recommended that the U.S. government "convey to the Government of Israel the serious security concerns with respect to the leasing arrangements of the Port of Haifa, and urge consideration of the security implications of such foreign investment in Israel." Other state-owned Chinese companies are developing a new

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

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

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

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

[90] 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.

[91] 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.

[92] 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.

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

[94] Roie Yellinek, "The Israel-China-U.S. Triangle and the Haifa Port Project," *Middle East Institute*, November 27, 2018. 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.

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.[95]

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

Appendix. Israeli Political Parties in the Knesset and Their Leaders

RIGHT

Likud (Consolidation) – 30 Knesset seats
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.

Yisrael Beitenu (Israel Our Home) – 7 seats
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) – 7 seats
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.

New Hope (Tikva Hadasha) – 6 seats

New Hope is a party formed in 2020 as an alternative to Prime Minister Netanyahu and Likud for mainstream right-wing voters.

Leader: Gideon Sa'ar
Born in 1966, Sa'ar served as cabinet secretary in the 1990s (for Prime Minister Netanyahu) and early 2000s (for Prime Minister Ariel Sharon). He became an influential and popular member of Likud, first elected to the Knesset in 2003. He served as education minister from 2009 to 2013 and interior minister from 2013 to 2014. After leaving the Knesset in 2014, he returned in 2019 but left Likud to form New Hope a year later.

Religious Zionism (HaTzionut HaDatit) – 6 seats

Grouping of right-of-center parties including Religious Zionism/National Union-Tkuma, Otzma Yehudit, and Noam that formed for the March 2021elections.

Leader: Bezalel Smotrich

Born in 1980, Smotrich has headed the underlying party that leads Religious Zionism since 2019. A trained lawyer, he has engaged in regular activism to promote Jewish nationalist and religiously conservative causes.

LEFT

Labor (Avoda) – 7 seats

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: Merav Michaeli

Born in 1966, Michaeli became Labor's leader in 2020 and was first elected to the Knesset in 2013. Before entering national politics, she founded and headed an organization that supports victims of sexual assault, and was a regular national media presence and university lecturer.

Meretz (Vigor) – 6 seats

Meretz is a pro-secular Zionist party that supports initiatives for social justice and peace with the Palestinians.

Leader: Nitzan Horowitz

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

CENTER

Yesh Atid (There Is a Future) – 17 seats

Yesh Atid 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.

Leader: Yair Lapid

Born in 1963, Lapid 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.

Kahol Lavan (Blue and White) – 8 seats

Centrist party formed in 2018 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, justice minister, and alternate prime minister, and could become prime minister by November 2021 under a power-sharing agreement with Netanyahu. He served as Chief of General Staff of the Israel Defense Forces from 2011 to 2015.

ULTRA-ORTHODOX

Shas (Sephardic Torah Guardians) – 9 seats
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. In April 2021, he allowed a party colleague to take his Knesset seat.

United Torah Judaism – 7 seats
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. In April 2021, he allowed a party colleague to take his Knesset seat.

ARAB

Joint List – 6 seats

Electoral slate featuring three Arab parties that combine socialist and Arab nationalist political strains: Hadash (Democratic Front for Peace and Equality), Ta'al (Arab Movement for Renewal), 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.

United Arab List (UAL or Ra'am) – 4 seats

Islamist Arab party that embodies conservative social values while seeking state support to improve Arabs' socioeconomic position within Israel.

Leader: Mansour Abbas
Born in 1974, Abbas has led the UAL since 2007 and is a qualified dentist.

Sources: Various open sources.

Note: Knesset seat numbers based on results from the March 23, 2021, election.

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