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Israel: Major Issues and U.S. Relations

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SUMMARY

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Israel: Major Issues and U.S. Relations

Since October 7, 2023, Israel has been at war with the Palestinian Sunni Islamist group Hamas (a U.S.-designated foreign terrorist organization, or FTO), which led attacks on that day from the Gaza Strip into Israel. The ongoing conflict has broad implications for U.S. policy in the Middle East, on questions that include how to bolster Israel's security from threats posed by Iran-supported actors near its borders (including Hamas and Lebanese Hezbollah, another FTO), how to prevent the spread of conflict in the region, how to protect and care for civilians displaced or otherwise affected by the fighting, how to reach a cease-fire agreement that secures the return of hostages under circumstances agreeable to Israel and Hamas, and how to reconcile Palestinian desires for statehood and post-conflict recovery with Israeli efforts to eliminate Hamas as a political and military force in Gaza. For more on the conflict, see CRS Report R47828, *Israel and Hamas Conflict In Brief: Overview, U.S. Policy, and Options for Congress*, by Jim Zanotti and Jeremy M. Sharp.

Over decades, Israel and the United States have forged close relations in many areas. A 10-year bilateral military aid memorandum of understanding 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. As some U.S.-Israel tensions have surfaced over the Israel-Hamas war, some Members of Congress have increased scrutiny of Israel's use of U.S. security assistance, contributing to debate on the subject.

The following are important issues for U.S.-Israel relations:

Israeli domestic politics. Israeli Prime Minister Benjamin Netanyahu has led a coalition government since December 2022, despite facing an ongoing criminal trial for corruption. The presence of ultra-nationalists Bezalel Smotrich and Itamar Ben Gvir within the coalition government (which has a 64-seat majority in the 120-seat Knesset) has triggered ongoing controversy within Israel and questions about the coalition's durability. After war with Hamas began in October 2023, questions regarding Israeli war aims, including how to prioritize the possible elimination or weakening of Hamas alongside efforts to secure the return of hostages in Gaza, have been central to Israeli domestic debates. Opposition figure and former defense minister Benny Gantz brought his party into the government to help with wartime decisions but left the government in June. Polls indicate that Prime Minister Netanyahu's popularity dropped sharply following the October 7 attacks. Hypothetical election surveys give an apparent advantage to Gantz over Netanyahu, but the margin has decreased over time. While some pressure has mounted within Israel for an early Knesset election, it cannot be forced without action by Netanyahu himself or a number of Knesset members from his pre-war coalition.

Israeli-Palestinian tensions and potential Israel-Saudi Arabia normalization. Uncertainty surrounds the future of the Palestinian Authority (PA) in both the West Bank and Gaza, given ongoing conflict and debate about post-conflict security and governance involving Israel, the PA, the United States, various Arab states, and other international actors. Biden Administration officials have said that a revamped PA should ultimately take responsibility for post-conflict governance in Gaza, while diplomatic efforts continue toward an eventual two-state solution. Prime Minister Netanyahu—perhaps partly owing to domestic political considerations—has argued against PA rule in Gaza and advocated policies that could prevent the formation of a Palestinian state. PA leaders have indicated that the PA would only return to govern Gaza in the context of significant progress toward establishing a Palestinian state in the West Bank and Gaza that has a capital in East Jerusalem. Meanwhile, U.S. officials are reportedly pursuing diplomatic agreement on several issues with Saudi Arabia that would be linked to normalizing relations between Israel and Saudi Arabia. Such normalization might only happen if Israeli leaders state their openness to an eventual two-state solution.

Tensions and violence in the West Bank involving Palestinian militants, Israeli forces, and Israeli settlers—already a major problem before October 7—have worsened. In response to concerns among U.S. officials and some lawmakers about extremist settler violence against Palestinians, President Biden issued an executive order in February authorizing financial sanctions and visa bans against parties undermining West Bank stability; the Administration has since imposed sanctions on some settlers and the Palestinian militant group Lions' Den.

Violence involving Iran and Hezbollah. In April 2024, the United States, Israel and other partners countered an Iranian drone and missile attack on Israel. The attack came in retaliation for a reported Israeli strike on Iranian targets in Syria. Israel later reportedly conducted an April airstrike in Iran that may have been limited to reduce chances of immediate escalation.

Hezbollah and Israel have repeatedly exchanged fire across the Israel-Lebanon border since October. Gradual escalation has elevated concern about a broader conflict. As U.S. officials seek a diplomatic solution, Israeli officials have threatened wider military action in Lebanon—with the potential for major regional consequences—if Hezbollah's fighters are not kept back

from the border in a way that mitigates the threat of an October 7-style attack, and permits the roughly 60,000 evacuated Israelis to return to their homes.

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Overview and Major Issues for Congress

Israel (see **Appendix A** for a map and basic facts) has forged close bilateral cooperation with the United States in many areas. For more background, see CRS Report RL33222, *U.S. Foreign Aid to Israel*, by Jeremy M. Sharp, and archived CRS Report RL33476, *Israel: Background and U.S. Relations*, by Jim Zanotti.

This report discusses additional matters with significant implications for U.S.-Israel relations and congressional oversight and action, including (1) a summary of the ongoing conflict between Israel and the Palestinian Sunni Islamist group Hamas (a U.S.-designated foreign terrorist organization, or FTO); (2) U.S.-Israel security cooperation, (3) domestic Israeli issues, (4) ongoing Israel-Palestinian Authority (PA) tensions and West Bank issues, (5) tensions and violence involving Iran and Iran-supported groups, and the potential for major escalation between Israel and the Shia militia Lebanese Hezbollah (another FTO); and (6) the possibility of Israel-Saudi Arabia diplomatic normalization.

Israel-Hamas Conflict Summary

Since October 7, 2023, Israel has been at war with Hamas, which led attacks on that day from the Gaza Strip into Israel and—in concert with other militants—took some 252 hostages into Gaza.[1] The nature and extent of the violence stunned Israelis and many others, and includes alleged sexual violence.[2]

Gaza's Challenges Before October 2023[3]

Gaza has presented complicated challenges for U.S. policy since Hamas seized de facto control of the territory in 2007 from Palestinian Authority (PA) forces led by Hamas's rival faction Fatah. Gaza's difficult security, political, economic, and humanitarian situations appear to be linked. Before the ongoing conflict, Hamas engaged in major escalations with Israel in 2008-2009, 2012, 2014, and 2021. In the aftermath of each conflict, significant international attention focused on:

- improving humanitarian conditions and economic opportunities for Palestinians in Gaza; and
- preventing Hamas and other militants from reconstituting arsenals and military infrastructure.

Hamas and Israel reportedly worked through Egypt and Qatar to help manage the flow of necessary resources into Gaza and prevent or manage conflict escalation. Nevertheless, the parties did not achieve a significant breakthrough that would address both Gaza's civilian needs and Israeli security considerations over the long term.

In response to the attacks, Israel's cabinet declared war on Hamas. Israel's military has mobilized hundreds of thousands of troops, has bombarded targets in Gaza from the air, and has undertaken ground operations. At various points in the conflict, Hamas and other Gaza-based militants have fired rockets toward populated areas in Israel. Israel initially halted supplies from Israeli territory to Gaza of electricity, food, and fuel. Since then, Israel—via consultations with U.S. and U.N. officials, and in coordination with Egypt and other regional actors—has regulated the transit of some international aid from its territory into Gaza.

[1] "Israel says it seizes key Gaza-Egypt corridor," Agence France Presse, May 29, 2024.

[2] UN News, "'Clear and convincing information' that hostages held in Gaza subjected to sexual violence, says UN Special Representative," March 4, 2024.

[3] For more detail, see CRS In Focus IF10644, *The Palestinians: Overview, Aid, and U.S. Policy Issues*, by Jim Zanotti; and archived CRS Report RL34074, *The Palestinians: Background and U.S. Relations*, by Jim Zanotti.

The ongoing conflict has reportedly resulted in more than 1,500 Israeli and 38,000 Palestinian deaths, with some 120 hostages reportedly held by Hamas or other militants in Gaza.[4] Life has been upended for Gaza's population (estimated at 2.1 million)—with around 90% displaced, and most facing threats from the fighting, overcrowding in areas of refuge, and acute shortages of food, water, and medical care.[5]

The ongoing conflict has presented several challenges for U.S. policy in the Middle East. These include how to bolster Israel's security from threats posed by Iran-supported actors near its borders, how to prevent the spread of conflict in the region and manage relationships among Israel and its neighbors, how to provide security assistance for Israel without endangering civilians, how to provide humanitarian aid for civilians displaced or otherwise affected by the fighting, how to reach a cease-fire agreement that secures the return of hostages (including Americans) under circumstances agreeable to Israel and Hamas, and how to reconcile Palestinian desires for statehood and post-conflict recovery with Israeli efforts to eliminate Hamas as a political and military force in Gaza.

The conflict is discussed in greater detail in CRS Report R47828, *Israel and Hamas Conflict In Brief: Overview, U.S. Policy, and Options for Congress*, by Jim Zanotti and Jeremy M. Sharp. Potential international legal action against Israeli and Hamas leaders, in connection with the conflict, is discussed in CRS Insight IN12366, *Israel and Hamas: Possible International Criminal Court (ICC) Arrest Warrants*, by Matthew C. Weed and Jim Zanotti.

U.S.-Israel Security Cooperation, Tensions, and Congressional Oversight

Multifaceted bilateral security coordination is a long-standing part of the U.S.-Israel relationship. U.S. law requires the executive branch to take certain actions to preserve Israel's "qualitative military edge," or QME, and expedites aid and arms sales to Israel in various ways. 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 (FMF) and to spend $500 million annually on joint missile defense programs from FY2019 to FY2028, subject to congressional appropriations. The MOU anticipates possible supplemental aid in emergency situations such as conflict.

Amid the ongoing Israel-Hamas conflict and other regional tensions, **Congress has enacted over $12.6 billion** in direct Department of State and Defense FY2024 regular and supplemental appropriations for Israel. After some debate, lawmakers appropriated funding without imposing any conditions limiting the use of U.S. weaponry.[6]

[4] United Nations Office for the Coordination of Humanitarian Affairs (UN-OCHA), "Humanitarian Situation Update #188 | Gaza Strip," July 8, 2024; "Reported impact snapshot | Gaza Strip," July 3, 2024. Estimates of Israeli deaths come from the Israeli military and official Israeli sources cited in the media; estimates of Palestinian deaths come from the Hamas-controlled health ministry in Gaza.

[5] Ibid.

[6] After 20 House Members voted against passage of H.R. 8034 (P.L. 118-50), they released a press statement explaining that "Our votes against H.R. 8034 are votes against supplying more offensive weapons that could result in more killings of civilians in Rafah and elsewhere. We believe strongly in Israel's right to self-defense and have joined colleagues previously in affirming our shared commitment." See, Rep. Becca Balint, "Statement from Castro, Velázquez, Doggett, Jayapal, Khanna, Ocasio-Cortez, Balint, Casar, Takano, McGovern, Barbara Lee, Blumenauer, Chu, Johnson, Carson, Watson Coleman, Jesús "Chuy" García, Jonathan Jackson, and Tokuda on the Israel Security Supplemental," April 20, 2024.

Expedited and ongoing U.S. arms exports to Israel have received increased congressional scrutiny since October 7. In May 2024, U.S. officials confirmed reports that the Biden Administration is "reviewing some near-term security assistance" for Israel and had paused a shipment of 2,000-pound bombs and 500-pound bombs, based on concern about their potential use in Gaza's southernmost province of Rafah.[7]

National Security Memorandum-20

As international scrutiny of Israel's conduct during the war has grown, the Biden Administration has taken some steps aimed at promoting adherence to international law and accountability for U.S. arms deliveries to Israel. On February 8, 2024, President Biden issued NSM-20, a new National Security Memorandum (an executive document, not standing law). The directive requires that prior to the transfer of any U.S. defense article, the Departments of State and Defense must obtain "credible and reliable" written assurances from the recipient country that it will use any such defense articles in accordance with international humanitarian law and, as applicable, other international law. It also requires that in any area where such defense articles are used, the "recipient country will facilitate and not arbitrarily deny, restrict, or otherwise impede the transport or delivery" of humanitarian assistance.[8] In late March, Israel provided those assurances to the United States. NSM-20 also required the Secretaries of State and Defense to assess for Congress whether U.S. defense articles have been used in a manner not consistent with international law. In May 2024, the Administration released its report to Congress under Section 2 of NSM-20 concluding, according to a document released online by an advocacy group (stating it is a copy), that "given Israel's significant reliance on U.S.-made defense articles, it is reasonable to assess that defense articles covered under NSM-20 have been used by Israeli security forces since October 7 in instances inconsistent with its IHL [International Humanitarian Law] obligations or with established best practices for mitigating civilian harm."[9] Despite the concerns raised, according to this release, the report assessed Israel's March assurances (along with those of the other countries covered in the report) to be "credible and reliable so as to allow the provision of defense articles covered under NSM-20 to continue."

Congress appears divided over the President's weapons pause, with some lawmakers expressing agreement with the President's decision[10] and others decrying it for what they call its effect on the "timely delivery of security assistance to Israel."[11]

In June, Prime Minister Netanyahu publicly released a video alleging that the Biden Administration was "withholding weapons" from Israel.[12] Administration officials responded that only the shipment of bombs mentioned above had been paused and brought under review. As of late June 2024, the Administration was still reviewing this shipment. One media source, citing unnamed U.S. and Israeli officials, reported that the Administration expects to deliver the 500-pound bombs if Israel ends operations in Rafah in coming weeks.[13] In explaining the Administration's ongoing efforts to support Israel, U.S. Ambassador to Israel Jack Lew said that the initial post-October 7 pace of U.S. arms deliveries to Israel was not "physically sustainable

[7] Department of Defense, "Pentagon Press Secretary Air Force Maj. Gen. Pat Ryder Holds a Press Briefing," May 9, 2024.

[8] White House, "National Security Memorandum on Safeguards and Accountability with Respect to Transferred Defense Articles and Defense Services," February 8, 2024.

[9] Just Security, "State Department Submits Key Report to Congress on Israel's Use of US Weapons," May 10, 2024.

[10] For example, see Sen. Tim Kaine, "Kaine Statement on Biden Administration Withholding Offensive Weapons Transfer to Israel," May 8, 2024.

[11] For example, see Speaker of the House Mike Johnson, "Speaker Johnson, Leader McConnell: 'Security Assistance to Israel is an Urgent Priority That Must Not Be Delayed,'" May 8, 2024. See also Representative Josh Gottheimer, "Gottheimer, Golden Lead 26 Democratic Members of Congress Urging NSA Jake Sullivan to Deliver Security Aid to Democratic Ally Israel," May 10, 2024. On May 16, 2024, the House passed (224-187) H.R. 8369, the Israel Security Assistance Support Act, which, among other things, would prohibit FY2024 or earlier funds from being used to withhold defense items/services to Israel.

[12] X, Prime Minister of Israel, June 18, 2024, 10:02 AM, at https://x.com/IsraeliPM/status/1803065833767293195.

[13] Barak Ravid, "Scoop: U.S. to release part of suspended bomb shipment to Israel," Axios, June 27, 2024.

because you start running into supply issues," though still "moving quickly."[14] One media article cited unnamed U.S. officials stating that U.S. shipments had slowed since the early months of the war in Gaza because many previous orders had been fulfilled "while the Israeli government has put in fewer new requests."[15] After a June 26, 2024, meeting between National Security Advisor Jake Sullivan and Israeli Defense Minister Yoav Gallant, Gallant and a senior U.S. official confirmed that the two sides had made progress in addressing "bottlenecks."[16] In a June 30 interview, House Foreign Affairs Committee Chairman Michael McCaul said that the Administration is "effectively withholding seven weapons systems" from Israel, while saying he could not "get into details."[17]

Israeli Domestic Issues

Prime Minister Netanyahu returned to office in December 2022 (after two previous stints: 1996-1999 and 2009-2021). Along with his Likud party, his coalition government includes ultra-nationalist and ultra-Orthodox (Haredi) parties (see **Table 1** and **Appendix B**). The 2022 Knesset election was the fifth held in Israel since a legal process regarding corruption allegations against Netanyahu began in December 2018; his criminal trial is ongoing and could last for months or years.[18] According to some observers, coalition partners who support legal measures to help Netanyahu avoid criminal punishment may have leverage to pursue their policy preferences.[19]

Table 1. Israeli Government: Key Positions

Position	Name	Party
Prime Minister	Benjamin Netanyahu	Likud
Defense Minister	Yoav Gallant	Likud
Foreign Minister	Israel Katz	Likud
Finance Minister and Minister Within Defense Ministry	Bezalel Smotrich	Religious Zionism
Justice Minister	Yariv Levin	Likud
National Security Minister	Itamar Ben Gvir	Jewish Power
Transportation Minister	Miri Regev	Likud
Strategic Affairs Minister	Ron Dermer	No formal affiliation
Energy Minister	Eli Cohen	Likud
Agriculture and Rural Development Minister	Avi Dichter	Likud

[14] Lazar Berman, "US ambassador: Israel's impatience in receiving weapons understandable," *Times of Israel*, June 24, 2024.

[15] Nancy A. Youssef and Jared Malsin, "The Reason U.S. Arms Shipments to Israel Have Slowed," *Wall Street Journal*, June 26, 2024.

[16] Jacob Magid, "Agreeing with Gallant, US says progress made in smoothing arms transfer process," *Times of Israel*, June 26, 2024.

[17] *Fox News Sunday* interview available at https://www.youtube.com/watch?v=r9sQf_-JLxw.

[18] Yael Freidson, "Netanyahu Trial: Dates Set for Officials' Testimony Despite PM's Request to Postpone," Haaretz, March 10, 2024.

[19] Ron Kampeas, "Why Netanyahu's new government could alienate Israel's conservative American allies," Jewish Telegraphic Agency, December 30, 2022.

Ultra-Nationalist Influence in the Government

Prime Minister Netanyahu's inclusion of ultra-nationalists Bezalel Smotrich and Itamar Ben Gvir within the Israeli government formed in late 2022 triggered debate within Israeli society about the implications for Israel's democracy, its ability to manage tensions with its Arab citizens and with Palestinians, and its relations with the United States and other countries.[20] Coalition agreements—though not legally binding—state that the Jewish people have an "exclusive right" to the land between the Mediterranean Sea and Jordan River,[21] appearing to conflict with Palestinian statehood aspirations. The following developments prior to October 7, 2023, intensified challenges for Netanyahu in addressing the demands of disparate domestic constituencies and international concerns.

- The government's pursuit of changes to Israel's judicial system during 2023. The process triggered significant national debate, as well as major protests and counter-protests, about whether and how changes to the judiciary's current checks on democratically elected leaders might help or hinder Israeli governance and civil society.[22]
- Various statements or actions by Smotrich and Ben Gvir appearing to downplay or negate Palestinian identity, human rights, and narratives in the context of tensions and violence in Jerusalem and the West Bank.[23]

Smotrich and Ben Gvir have each assumed some security responsibilities. Under the coalition agreements, Smotrich, who is Israel's finance minister, also has a defense ministry position with formal responsibility over civil affairs units administering West Bank and Gaza Strip issues, including the planning commission that oversees West Bank settlement construction and home demolitions.[24] In June 2023, the Israeli government eased and expedited the process for settlement construction approval, triggering criticism from both U.S. officials and West Bank-based Palestinian Authority (PA) officials.[25] While the process reportedly remains subject to final authorization by the prime minister, this move makes it harder for the defense minister or prime minister to slow the efforts of Smotrich or any successor in his position.[26] In May 2024, Israel Defense Forces (IDF) officers apparently delegated some areas of their authority in the West Bank to a civilian administrator answerable to Smotrich rather than military commanders, though the administrator's actions may in some cases be subject to the defense minister's approval. Critics of these moves argue that they move the West Bank—which has been subject to overarching Israeli military control since 1967—closer to de facto annexation by Israel.[27]

[20] Josef Federman, "As Israel's Netanyahu returns to office, troubles lie ahead," Associated Press, December 29, 2022.

[21] Barak Ravid, "Israel swears in most right-wing government in its history," Axios, December 29, 2022.

[22] "Israel's Supreme Court overturns a key component of Netanyahu's polarizing judicial overhaul," Associated Press, January 1, 2024.

[23] "Far-right minister says Israel 'in charge' on visit to Jerusalem holy site," *Guardian*, May 21, 2023; "Smotrich says there's no Palestinian people, declares his family 'real Palestinians,'" *Times of Israel*, March 20, 2023.

[24] Carrie Keller-Lynn, "Smotrich given authority over key West Bank appointments in deal with Likud," *Times of Israel*, December 5, 2022.

[25] Ibid.; Department of State, "The United States is Deeply Troubled with Israeli Settlement Announcement," June 18, 2023.

[26] Isabel Kershner, "Israel Eases Rules for Settlements in West Bank," *New York Times*, June 19, 2023.

[27] Matthew Mpoke Bigg, "Administrative Change Advances Far-Right Effort to Control West Bank," *New York Times*, June 21, 2024.

Ben Gvir heads a national security ministry with general authority over Israel's police and border police, including some units operating in the West Bank with the IDF.[28] According to some Israeli media outlets citing various sources, Ben Gvir appears to exercise influence over personnel decisions and some operational matters, including Israeli security practices that reportedly favor Jewish worshippers more than previously at Jerusalem's Temple Mount/Haram al Sharif, and at times have reduced police protection for trucks carrying humanitarian aid to Gaza from "harassment by right-wing activists."[29]

End of Wartime Unity Government

Shortly after the October 7 attacks, Benny Gantz (a former defense minister and IDF chief of staff) brought his National Unity party into the government, specifying that it would only join for the duration of the war. Netanyahu and Gantz agreed that the wartime unity government would not undertake initiatives outside of those necessary for managing the country throughout the conflict.

Amid ongoing national debate about whether and how to continue the war with Hamas, Gantz and National Unity pulled out of the government on June 9, 2024, leaving Netanyahu with his pre-war coalition. In mid-May 2024, Gantz had threatened to leave the government if the war cabinet—constituting Netanyahu, himself, and Defense Minister Yoav Gallant—did not formulate specific plans by June 8, 2024, for the return of hostages, the end of Hamas rule in Gaza, a transition to post-conflict administration involving Palestinians and international help, the return of evacuated Israelis to their homes on the northern border, normalization with Saudi Arabia, and broader national service and conscription arrangements.[30] At the deadline, a U.S.-backed cease-fire proposal contemplating hostage-prisoner swaps and post-conflict transition in Gaza was pending but not resolved, and Netanyahu had not advanced specific plans on the other points. Gantz's criticisms illustrate that questions regarding Israeli war aims, including how to prioritize the possible elimination or weakening of Hamas alongside efforts to secure the return of hostages in Gaza, have been central to Israeli domestic debates.

Gantz's departure from the coalition raises questions about how Israel's government will manage conflict-related decisions moving forward. While Netanyahu has dissolved the war cabinet, he will likely continue to work with Gallant on decisionmaking, and consult with confidants such as Strategic Affairs Minister Ron Dermer and Shas Party head Aryeh Deri.[31] Although ultra-nationalists Smotrich and Ben Gvir may remain excluded from full involvement in deliberations, the possibility that they could bring down the government appears to lend them influence over Netanyahu's actions, and Netanyahu has "less political and diplomatic cover to say that Israel's maneuvers have support from both sides of the aisle."[32] For example, ultra-nationalist influence may partly fuel Netanyahu's stated unwillingness to agree to a Palestinian Authority role in post-conflict Gaza or a two-state pathway (even in the context of a potential U.S.-backed

[28] "Likud agrees to split entire Border Police from police force, hand Ben Gvir control," *Times of Israel*, December 29, 2022.

[29] Josh Breiner, "How Far-right National Security Minister Itamar Ben-Gvir Took Over Israel's Police," *Haaretz*, June 13, 2024; Jeremy Sharon, "Police chief to AG: Ben Gvir pushed to prevent police from guarding Gaza aid convoys," *Times of Israel*, June 13, 2024.

[30] Daphna Liel, "Gantz issues ultimatum to Netanyahu," *Globes*, May 19, 2024.

[31] Lahav Harkov, "Israeli war cabinet dissolved after Gantz resignation," *Jewish Insider*, June 17, 2024; "Netanyahu disbands his inner war cabinet," Reuters, June 17, 2024.

[32] Ibid.

normalization with Saudi Arabia).[33] The influence of Smotrich and Ben Gvir might be limited by the probability that triggering an election Netanyahu loses would leave them without government positions.

Netanyahu's Status and Possible Early Elections

Future Israeli political developments remain unclear. Netanyahu's popularity dropped sharply after the October 7 attack, according to polling. He has said that the circumstances surrounding the assault will be investigated after the war, and that nobody will evade responsibility. In Israel's history, domestic scrutiny of leaders' conduct in relation to difficult wars contributed to shortening the careers of Prime Ministers Golda Meir, Menachem Begin, and Ehud Olmert. While some pressure has mounted within Israel for an early Knesset election, it cannot be forced without action by Netanyahu himself or a number of Knesset members from his pre-war coalition. If the current coalition holds, the next Knesset election is scheduled to occur in late 2026.

Gantz appears to be Netanyahu's main rival for national support, but Gantz's advantage over Netanyahu in informal polls appears to have diminished, and if other anti-Netanyahu politicians (including former prime minister Naftali Bennett, Avigdor Lieberman, and Gideon Sa'ar) form a separate political bloc, some polls suggest they could beat both Gantz and Netanyahu.[34] In addition, international legal measures targeting Israel and Netanyahu could conceivably bolster Netanyahu's domestic popularity.[35] In early July, some major protests took place over Netanyahu's wartime leadership; it is unclear whether protests will recur at these levels and to what extent they might reflect political trends within Israel.[36]

A rift within Netanyahu's coalition over traditional exemptions for Israel's growing Haredi (ultra-Orthodox) community from military service could potentially endanger this government's survival. In the context of Israel's heightened national security posture and a government proposal to expand military service requirements for most Israelis, some members of Netanyahu's Likud party (including Defense Minister Gallant) have said that Haredim should join with other citizens in shouldering more responsibility for military or civil national service.[37]

In June 2024, about a year after the expiration of a legal provision exempting Haredim enrolled in religious schools (yeshivas) from military service, Israel's Supreme Court ordered state agencies to take active steps to draft these men.[38] While the court did not specify the scale of enlistment or precise manner of implementation,[39] the attorney general's office instructed the military to draft 3,000 new Haredim (fewer than 2,000 currently serve) starting in July, raising questions about the timing of next steps.[40] Prior to the ruling, Netanyahu supported the revival of a bill from the

[33] Jonathan Lis and Amir Tibon, "Saudi Arabia to Normalize Relations with Israel: 'Decision on Timing to Be Made Within Days,' Diplomatic Source Says," *Haaretz*, April 29, 2024.

[34] "TV polls: Potential new right-wing alliance would win big in new election," *Times of Israel*, June 25, 2024.

[35] Jamie Dettmer, "The International Criminal Court just saved Benjamin Netanyahu," *Politico Europe*, May 20, 2024.

[36] Carrie Keller-Lynn, "Israelis' Frustration with Netanyahu Builds as War Hits Nine Months," *Wall Street Journal*, July 7, 2024.

[37] Emanuel Fabian, "Gallant calls for drafting ultra-Orthodox in order to attain Gaza war aims," *Times of Israel*, February 28, 2024; Dov Lieber and Carrie Keller-Lynn, "Calls Grow to Include Israel's Ultra-Orthodox Jews in Draft," *Wall Street Journal*, February 23, 2024.

[38] Rina Bassist, "What Israel's Supreme Court ruling to draft ultra-Orthodox means for Netanyahu," *Al-Monitor*, June 25, 2024.

[39] Jeremy Sharon, "Court specifies state must 'act to enforce law' to draft Haredim, but indicates leeway on how many must be drafted immediately," *Times of Israel*, June 25, 2024.

[40] Shan Li and Carrie Keller-Lynn, "Ultra-Orthodox Israeli Men Protest Against Military Draft Order," *Wall Street Journal*, July 1, 2024.

previous Knesset in an apparent effort to avoid contention between Haredi and secular elements of his coalition. The revived bill would provide for some gradual steps toward Haredi conscription, but a number of Likud members who helped back the revival said they would require significant changes toward greater conscription before enacting the bill.[41]

West Bank and Palestinian Authority

(For historical background on the broader Israeli-Palestinian conflict and factors contributing to the current round of violence, see archived CRS Report RL34074, *The Palestinians: Background and U.S. Relations*, by Jim Zanotti; and archived CRS Report RL33476, *Israel: Background and U.S. Relations*, by Jim Zanotti.)

While Israel maintains overarching military control over the West Bank, the PA has some authority to administer and provide security in specified Palestinian-populated areas, per Israeli-Palestinian agreements dating back to the 1990s. PA President Mahmoud Abbas heads the secular Arab nationalist faction Fatah, which has been the leading group within the Palestine Liberation Organization (PLO) for decades. Abbas's age (b. 1935) has contributed to speculation about leadership succession.

Israel-PA relations are marked by heavy public disagreement, but also feature fluctuating levels of coordination on practical issues, including security. The United States and other Western countries have generally sought to bolster the Abbas-led PA vis-à-vis Hamas—which violently seized Gaza from Fatah-led PA forces in 2007—and to support PA-Israel cooperation. Some observers have asserted that before October 7, Israeli officials at times had accepted the status quo in Gaza—with Hamas in control and some funding for Gaza coming from Qatar—perhaps partly to avoid Israeli-Palestinian peace negotiations.[42] According to a prominent Israeli journalist, in 2019 Prime Minister Netanyahu said to his party's parliamentary caucus, "Whoever opposes a Palestinian state must support delivery of funds to Gaza because maintaining separation between the PA in the West Bank and Hamas in Gaza will prevent the establishment of a Palestinian state."[43]

Violence, Settlements, and U.S. Responses (Including Sanctions)

Tensions and violence in the West Bank involving Palestinian militants, Israeli forces, and Israeli settlers posed a major problem in the two years before October 7.[44] According to some open sources, various factors fueling increased Palestinian militancy included Israeli actions in the West Bank, PA weakness, Palestinian socioeconomic challenges and generational change, reported Iranian assistance, and the easy availability of weapons.[45]

Since the outbreak of war between Israel and Hamas, the situation has worsened, featuring attacks by militants and/or extremists on both sides against civilians and/or their property, and Israeli

[41] Sam Sokol, "Knesset approves revival of ultra-Orthodox enlistment bill; Gallant votes against," *Times of Israel*

[42] Mark Mazzetti and Ronen Bergman, "'Buying Quiet,' Inside the Israeli Plan That Propped Up Hamas," *New York Times*, December 10, 2023; "Qatar sent millions to Gaza for years – with Israel's backing. Here's what we know about the controversial deal," CNN, December 12, 2023.

[43] Aluf Benn, "Israel's Self-Destruction," *Foreign Affairs*, March/April 2024.

[44] Shayndi Raice and Fatima Abdulkarim, "Palestinian Authority Fights Its Own," *Wall Street Journal*, September 6, 2023; Patrick Kingsley, "Israeli Guard Is Shot Dead After Settler Kills Palestinian," *New York Times*, August 6, 2023.

[45] "Palestinian gunmen say they're fighting for Jenin, not foreign backers," Reuters, August 14, 2023; Udi Dekel, "The Lion's Den: A Wake-Up Call for Imminent Challenges," Institute for National Security Studies, October 19, 2022.

raids into restive Palestinian areas—mostly in the north. Since October 7, at least 14 Israelis and 539 Palestinians have reportedly been killed in the West Bank.[46]

West Bank-based PA officials appear to be in a difficult position. While they have not endorsed Hamas in the wake of the October 7 attacks, they have refrained from publicly condemning it. Possible factors contributing to the PA's stance are a perceived spike in West Bank Palestinian support for Hamas that may stem from Hamas's military actions, civilian suffering in Gaza, and the prisoner releases Hamas has secured.[47] Nevertheless, the Fatah faction that leads the PA publicly criticized Iran in April for trying to destabilize the West Bank, and said it would act against any outside interference aimed at harming security forces or national institutions.[48]

Earlier that month, Israeli forces announced they had confiscated weapons smuggled into the West Bank by an alleged Iran-backed network purportedly involving a Fatah official in Lebanon.[49] According to media reports, this network includes a land corridor "along two paths from Iran through Iraq, Syria, Lebanon, Jordan and Israel," and uses Bedouin smugglers, trucks, and even commercial drones to transport small arms and some more advanced weapons to Palestinian militant groups such as Hamas and Palestine Islamic Jihad (another FTO).[50] Israel's military has reportedly conducted strikes against individuals or groups in Syria that are allegedly part of the network.[51]

Amid these tensions and fairly regular Israeli security operations in areas normally administered by the PA, PA security forces face significant difficulties in maintaining a public profile because doing so could be perceived as siding with Israel against their own people. In separate instances in February and March, off-duty PA security force members killed or wounded Israelis in the West Bank.[52] With PA forces generally avoiding militant-dominated refugee camps and city centers in the northern West Bank, Israeli forces reportedly aim to prevent militants from establishing "command centers, explosives labs and underground facilities."[53]

Since October 7, 2023, U.S. officials and some lawmakers have signaled concerns related to Israeli actions in the West Bank that may endanger Palestinians' lives or property and affect future political outcomes. In December 2023, the Administration imposed visa bans on some extremist Israeli settlers and delayed a firearms shipment to Israel.[54] On February 1, 2024, President Biden issued Executive Order 14115, authorizing "financial sanctions against those directing or participating in certain actions, including acts or threats of violence against civilians, intimidating civilians to cause them to leave their homes, destroying or seizing property, or engaging in

[46] UN-OCHA, "Humanitarian Situation Update #186 | West Bank," July 3, 2024. Of the Israelis, nine from Israeli forces and five settlers were killed by Palestinians. Of the Palestinians, "522 [were] killed by Israeli forces, ten by Israeli settlers, and seven where it remains unknown whether the perpetrators were Israeli soldiers or settlers."

[47] Palestinian Center for Policy and Survey Research, "Public Opinion Poll No. 92," published June 12, 2024.

[48] "Palestinian Fatah group says Iran trying to spread chaos in West Bank," Reuters, April 3, 2024.

[49] Emanuel Fabian, "Shin Bet says it foiled Iranian plot to smuggle advanced weapons to W. Bank terrorists," *Times of Israel*, March 25, 2024.

[50] Farnaz Fassihi et al., "Iran is Flooding the West Bank with Weapons," *New York Times*, April 10, 2024; Sune Engel Rasmussen and Benoit Faucon, "Weapons Flood Israel's West Bank, Fueling Fears of New War Front," *Wall Street Journal*, October 25, 2023.

[51] Fassihi et al., "Iran is Flooding the West Bank with Weapons."

[52] "Terrorist behind Jordan Valley shooting turns himself in," *Israel Hayom*, March 31, 2024; Emanuel Fabian, "Rabbi, teen hitchhiker killed in terror shooting at West Bank gas station," *Times of Israel*, February 29, 2024.

[53] Steven Erlanger and Sergey Ponomarev, "Palestinian Fighters in West Bank Seek to Emulate Hamas in Gaza," *New York Times*, July 1, 2024.

[54] Department of State, "Announcement of Visa Restriction Policy to Promote Peace, Security, and Stability in the West Bank," December 5, 2023; Nancy A. Youssef and Vivian Salama, "Washington Is Blocking Shipment of Rifles to Israel," *Wall Street Journal*, December 14, 2023.

terrorist activity in the West Bank."[55] Pursuant to this executive order, the Administration has imposed sanctions (including visa bans) on eight Israeli settlers, two fundraising entities, and two outposts (which are illegal under Israeli law) allegedly used as bases to "perpetrate violence against Palestinians."[56] (The Administration also has imposed sanctions under this executive order on Lions' Den, a militant Palestinian group centered in Nablus.[57]) The United Kingdom and European Union also have imposed sanctions on some Israeli settlers or related organizations.[58]

Netanyahu has called U.S. sanctions unnecessary because he asserted that "Israel acts against all Israelis who break the law, everywhere."[59] Nevertheless, Israeli banks have blocked accounts of sanctioned individuals, triggering protests from Finance Minister Smotrich. The Bank of Israel has acknowledged that banks may feel a need to comply with foreign sanctions because of concerns that non-compliance could affect the Israeli economy's functioning and relationship with the global economy.[60]

In February, Secretary of State Antony Blinken announced that new Israeli settlements in the West Bank are "inconsistent with international law."[61] His statement indicated that the Biden Administration is reinstating a U.S. legal position dating from 1978 that had been invalidated in 2019 by the Trump Administration.[62] Secretary Blinken's remarks came shortly after Minister Smotrich announced that Israel would advance plans to construct over 3,000 West Bank settlement units in response to a deadly Palestinian militant attack near Ma'ale Adumim (a large Israeli settlement).[63] In 2023, Israel encountered significant U.S. criticism after the planning committee led by Smotrich advanced plans to construct more than 12,000 additional settlement units and begin a process to retroactively legalize nine outposts.[64] In April 2024, reports surfaced that Smotrich reportedly has instructed several Israeli government ministries to begin preparing to provide various public services to up to 68 outposts while he seeks to legalize them under Israeli

[55] "Executive Order 14115 of February 1, 2024: Imposing Certain Sanctions on Persons Undermining Peace, Security, and Stability in the West Bank," *Federal Register*, Vol. 89, No. 24, February 5, 2024, pp. 7605-7608.

[56] Department of State, "Announcement of Further Measures to Promote Peace, Security, and Stability in the West Bank," February 1, 2024; "Imposing Further Sanctions to Promote Peace, Security, and Stability in the West Bank," March 14, 2024; "Designations Related to Destabilizing Activities Affecting the West Bank," April 19, 2024.

[57] Department of State, "Sanctioning Violent Palestinian Group in the West Bank," June 6, 2024.

[58] UK Government, "UK sanctions extremist settlers in the West Bank," February 12, 2024; Council of the European Union, "Extremist settlers in the occupied West Bank and East Jerusalem: Council sanctions four individuals and two entities over serious human rights abuses against Palestinians," April 19, 2024.

[59] Assa Sasson and Hagar Shezaf, "Explainer: Who Are the Israeli Settlers Sanctioned by the U.S. and What Does Their Targeting Mean?" *Haaretz*, February 7, 2024. According to the Department of State's *2023 Country Reports on Human Rights Practices* for the West Bank and Gaza, "Israeli authorities operating in the West Bank took some steps to identify and punish officials accused of committing human rights abuses, but human rights groups frequently asserted authorities did not adequately pursue investigations and disciplinary actions related to human rights abuses against Palestinians, including actions to stop or punish violence and acts of terror committed by Israeli settlers in the West Bank."

[60] Ibid.

[61] Department of State, "Secretary Antony J. Blinken and Argentine Foreign Minister Diana Mondino at a Joint Press Availability," February 23, 2024.

[62] Department of State, "Secretary Michael R. Pompeo Remarks to the Press," November 18, 2019, available at https://2017-2021.state.gov/secretary-michael-r-pompeo-remarks-to-the-press/.

[63] Jacob Magid, "US revives policy deeming settlements illegal, pans Israel's plan for 3,000 new homes," *Times of Israel*, February 23, 2024.

[64] Ibid.; Department of State, "Israeli Settlement and Outpost Legalization Announcement," February 13, 2023. Israel announced the legalization of three of the nine outposts in September in the face of U.S. criticism. Jacob Magid, "US slams legalization of 3 West Bank outposts 'previously illegal under Israeli law,'" *Times of Israel*, September 8, 2023.

law.[65] In response, a Department of State spokesperson said that the Administration believes directives to support illegal outposts in the West Bank to be "dangerous and reckless," and that Israeli efforts seeking to expand outposts would work against regional peace and stability.[66]

PA Strength and Viability: West Bank, Gaza, and Potential Statehood

Uncertainty surrounds the future of the PA in both the West Bank and Gaza, given both ongoing conflict and debate about post-conflict security and governance involving Israel, the PA, the United States, various Arab states, and other international actors. Prior to October 7, speculation was already rife about the PA's continuing viability and future leadership. The outbreak of new conflict and the scale of devastation in Gaza have made the relevant factors and calculations involved in these matters more challenging and complex.

U.S. call for revamped PA and eventual statehood. U.S. officials have continued to push for a cease-fire in Gaza that could eventually facilitate the orderly handover of governance to a "reformed" PA and "an over the horizon process that includes a vision for a demilitarized Palestinian state."[67] The Administration also has reportedly discussed with some Arab states the conditions under which they might consider joining a peacekeeping force for Gaza—not including U.S. or European troops—until a credible Palestinian security alternative is established.[68] The U.S. Security Coordinator for Israel and the PA (USSC), a multilateral mission headed by a three-star U.S. flag officer, could conceivably conduct training in Jordan and/or the West Bank for a local Palestinian force for Gaza.[69]

In explaining the U.S. veto in April of a draft U.N. Security Council resolution on Palestinian membership in the U.N., Assistant Secretary of State for Near East Affairs Barbara Leaf reiterated the Administration's support in principle for Palestinian statehood, while saying:

> we believe strongly – and this has been the case across multiple successive administrations – that a Palestinian state is something that should be negotiated, that it – to go through the effort to proffer membership to a state that doesn't in fact exist, where the borders have not been delineated, and a whole series of final status issues have not been negotiated simply makes no sense.[70]

Netanyahu's position. Prime Minister Netanyahu has insisted that Israel have full security control of "all territory west of the Jordan River," and said that his years-long stance on the subject has prevented the establishment of a Palestinian state.[71] He also has publicly rejected having the PA replace Hamas in Gaza, arguing that the PA enables terrorism against Israel

[65] Elizabeth Hagedorn, "US slams Smotrich's 'reckless' effort to legalize West Bank outposts," *Al-Monitor,* April 24, 2024.

[66] Department of State Press Briefing, April 24, 2024.

[67] U.S. Embassy in Israel, "Ambassador Lew's Remarks to the National Israel Mission of the Conference of Presidents," February 18, 2024.

[68] Andrew England and Felicia Schwartz, "US encouraging Arab states to join multinational postwar force in Gaza," *Financial Times,* May 15, 2024.

[69] Neri Zilber, "Israel tests Hamas-free 'bubbles' plan for post-war Gaza," *Financial Times,* July 1, 2024. For background on the USSC and U.S. security assistance for the PA, see archived CRS Report RL34074, *The Palestinians: Background and U.S. Relations,* by Jim Zanotti.

[70] Department of State, "Digital Press Briefing with the Assistant Secretary of State for Near Eastern Affairs Barbara Leaf," April 24, 2024. Twelve U.N. Security Council members voted for the draft resolution; the United Kingdom and Switzerland abstained.

[71] Israel Prime Minister's Office, "Statement by PM Netanyahu," January 21, 2024.

rhetorically and financially.[72] As various groups have consulted with Israeli officials about post-conflict planning, Netanyahu has proposed that Israel work with local Gazans.[73] One media report has suggested that this approach could involve lower-level PA employees, and that Netanyahu's opposition to broader PA involvement could soften if it implements reforms on incitement and terrorism.[74]

PA position and questions regarding reform. Palestinian Authority President Abbas said in November 2023 that the PA would only govern Gaza—in an effort to reverse their 2007 ejection—in the context of significant progress toward establishing a Palestinian state in the West Bank and Gaza that has a capital in East Jerusalem.[75]

Tensions between the types of PA reforms that could appeal to Palestinian audiences and those sought by Israel and the United States to minimize threats to Israel from Palestinian militants may present challenges. A new PA prime minister and cabinet took office in March, but it is unclear whether these leadership changes can help counter the negative views held about the PA—according to a May-June poll—by 69% of Palestinians in the West Bank and Gaza.[76] Any PA policy steps apparently remain subject to President Abbas's approval.[77] The new prime minister, Muhammad Mustafa, promised PA reform and the creation of an independent agency to handle Gaza's post-conflict recovery and reconstruction.[78] Some analysts have surmised that factors contributing to the new government's success and domestic acceptance could include its ability to raise sufficient revenue—including from Arab governments and other foreign sources—to cover PA salaries and benefits, and to reach understandings with Hamas elements in Gaza that could otherwise present obstacles to PA governance there.[79] Mustafa anticipated presidential and parliamentary elections with a timetable depending on "realities on the ground."[80]

PA fiscal challenges. The PA regularly faces challenges in collecting revenue to keep pace with its expenses. Those challenges intensified when the following two major sources of revenue disappeared shortly after the Hamas-led October 7 attacks.

- **Tax transfers.** Under a 1994 agreement, Israel generally collects value added taxes and import duties on behalf of the PA for goods intended for the West Bank and Gaza, and transfers those amounts to the PA. These funds comprise approximately $188 million per month, about 64% of total PA revenue.[81] After

[72] Benjamin Netanyahu, "Israel's Three Prerequisites for Peace," *Wall Street Journal*, December 26, 2023. The PA and Palestine Liberation Organization have made payments for decades to alleged militants and their families that many U.S. and Israeli officials and lawmakers argue provide incentives for terrorism against Israel, while also engaging in regular security coordination with Israel and the United States since 2007 to counter Hamas and other militants in the West Bank.

[73] Rory Jones et al., "The Postwar Vision That Sees Gaza Sliced into Security Zones," *Wall Street Journal*, June 29, 2024.

[74] Jacob Magid, "Netanyahu privately showing openness to PA involvement in postwar Gaza—officials," *Times of Israel*, July 2, 2024.

[75] "Receiving US State Secretary, President Abbas demands immediate end to Israel's aggression on Gaza," WAFA News Agency, November 5, 2023.

[76] Palestinian Center for Policy and Survey Research, "Public Opinion Poll No. 92," published June 12, 2024.

[77] Carrie Kahn, "Palestinian Authority announces formation of a new cabinet amid reform pressures," NPR, March 30, 2024.

[78] "The new Palestinian prime minister maps out his vision for a path to peace," *Economist*, March 17, 2024.

[79] Steven Erlanger and Adam Rasgon, "Little Expected of Palestine's Prime Minister," *New York Times*, March 16, 2024; Patrick Kingsley, "Top Leaders in West Bank Step Down," *New York Times*, February 27, 2024.

[80] Ibid.

[81] Alasdair Soussi and Zena Al Tahhan, "How Israel controls $188m of Palestinian money every month," Al Jazeera, January 23, 2024.

October 7, Israel's government determined that it would not transfer the roughly 30% of those revenues that would go toward payments that the PA still makes in Gaza (for salaries to employees that predated Hamas's seizure of the territory, and some public services).[82] PA President Abbas refused to accept partial transfers.[83]

- **Israel-based employment.** In the wake of the October 7 attacks, Israel suspended work permits for the roughly 150,000 West Bank Palestinians that had been commuting to Israel for work.[84] West Bank Palestinian unemployment, which had previously been at around 15%, has more than doubled to over 30%. The earnings of those working in Israel had totaled 25% of West Bank Palestinian gross domestic product.[85] Some sectors of Israel's economy largely dependent on Palestinian workers, particularly construction, have struggled. Israel has debated the possible security and economic trade-offs of readmitting the workers, and has taken steps to recruit potential replacement workers from other foreign countries.[86]

Facing a 2023-2024 contraction in West Bank economic output and the disruption of tax transfers,[87] the PA reportedly reduced public salaries to 50%-70% of their normal levels.[88] Such a situation, if it persists, could pose questions regarding economic and political stability in PA-administered areas of West Bank, and also the PA's ability to prepare for potential future responsibilities in Gaza.

In February, the impasse on tax transfers was temporarily and partially resolved. Israel and the PA agreed to allow tax revenues due to the PA, minus the amounts normally allocated for Gaza (about 30% of the revenues) to flow. The withheld amounts were reportedly subject to future distribution through Norway, subject to Israeli approval.[89]

Finance Minister Smotrich resumed the full hold on PA tax transfers in May, citing the PA's role in encouraging the International Criminal Court to pursue arrest warrants against Israeli officials, and in convincing some European countries (including Norway) to immediately recognize Palestinian statehood.[90] National Security Advisor Jake Sullivan criticized the Israeli move, saying, "I think it's wrong on a strategic basis because withholding funds destabilizes the West Bank. It undermines the search for security and prosperity for the Palestinian people, which is in

[82] "Israel cuts Gaza funds from Palestinian tax transfer," Reuters, November 2, 2023.

[83] "Palestinians refuse to accept partial tax transfer from Israel," Reuters, November 6, 2023.

[84] According to one article, "Of the approximately 150,000 Palestinians who had been working in Israel beforehand, only about 8,000 have been designated as performing critical jobs, which grants them permission to enter Israel. This includes those working in the food sector, in grave-digging and in sanitation. (In addition, due to pressure from the settlers, another 10,000 have long been allowed to work in settlement industrial zones, despite the security risk.)" Amos Harel, "Israeli Efforts to Weaken the Palestinian Authority Could Shatter the Limited Calm in the West Bank," *Haaretz*, May 30, 2024.

[85] Galit Altstein, "Israel's Ban on Palestinian Workers Is Hurting Both Economies," Bloomberg, March 19, 2024.

[86] Ibid.; Tzvi Joffre, "Netanyahu expected to present possible return of Palestinian workers to cabinet," *Jerusalem Post*, March 19, 2024.

[87] World Bank Economic Monitoring Report, *Impacts of the Conflict in the Middle East on the Palestinian Economy*, May 2024.

[88] Neomi Neumann, "West Bank Economics Are Key to Stabilizing the Palestinian Authority—or Forcing Its Collapse," Washington Institute for Near East Policy, May 31, 2024.

[89] "Norway to help transfer of frozen tax funds to Palestinian Authority," Reuters, February 19, 2024.

[90] Ephrat Livni, "Israel Diverts Tax Revenue Meant to Aid Palestinians," *New York Times*, June 14, 2024.

Israel's interests."[91] In June, Smotrich began diverting some of the tax transfer revenue due the PA to the families of Israeli terrorism victims, based on new laws that became effective earlier in the month, prompting a condemnation from the Department of State, which insisted that the funds belong "to the Palestinian people."[92]

Smotrich also threatened not to renew a waiver in early July that allows Palestinian banks to remain connected to the international financial system through Israel.[93] In response to this threat, Secretary of the Treasury Janet Yellen stated in May,

> I'm particularly concerned by Israel's threats to take action that would lead to Palestinian banks being cut off from their Israeli correspondent banks. These banking channels are critical for processing transactions that enable almost $8 billion a year in imports from Israel, including electricity, water, fuel, and food, as well as facilitating almost $2 billion a year in exports on which Palestinian livelihoods depend.[94]

U.S. officials have engaged Israeli and PA counterparts in an attempt to prevent potential PA financial collapse and greater West Bank instability.[95] Some Arab states reportedly agreed to provide emergency funding to the PA on condition of Israel releasing funds it withheld.[96]

In late June 2024, Israel's security cabinet approved an arrangement by which Smotrich agreed to resume partial revenue transfers to the PA and renewed the bank waiver for four months (through October 2024), in exchange for various measures against PA officials and Palestinian construction in the West Bank, Israel's legalization of five West Bank outposts, and the advancement of plans for thousands of new homes in settlements.[97] Uncertainty about revenue transfers and the bank waiver could potentially recur amid ongoing Israel-PA disputes. A Department of State spokesperson welcomed the measures providing the PA with some financial relief, while calling for Israel to extend the bank waiver at least 12 months and release additional revenues. The spokesperson also criticized any settlement expansion or outpost legalization, saying, "we'll continue to use the tools at our disposal to expose and promote accountability for those who threaten peace and stability in the region."[98]

Iran and Allied Groups[99]

Israeli officials have cited Iran as a primary national security concern for more than two decades, largely because of (1) antipathy toward Israel expressed by Iran's revolutionary regime, (2) Iran's broad regional influence and support for armed groups (including in Lebanon, Gaza and the West Bank, Syria, Iraq, and Yemen), and (3) Iran's nuclear program and advanced drone and missile capabilities. Iran and Iran-backed groups have demonstrated abilities since 2019 to penetrate the air defenses of countries like Saudi Arabia and the United Arab Emirates through coordinated

[91] White House, "Press Briefing by Press Secretary Karine Jean-Pierre and National Security Advisor Jake Sullivan," May 22, 2024.

[92] Livni, "Israel Diverts Tax Revenue Meant to Aid Palestinians."

[93] Raya Jalabi et al., "Western officials warn of 'catastrophe' if Israel cuts off Palestinian banks," *Financial Times,* May 22, 2024.

[94] Department of the Treasury, "Remarks by Secretary of the Treasury Janet L. Yellen at Press Conference Ahead of the G7 Finance Ministers and Central Bank Governors Meetings," May 23, 2024.

[95] Barak Ravid, "Blinken pressed Netanyahu to release frozen Palestinian funds," Axios, June 13, 2024.

[96] Jacob Magid, "Is the US poised to sanction an Israeli minister for the first time?" *Times of Israel,* June 19, 2024.

[97] "Smotrich extends waiver allowing Israeli, Palestinian banks to cooperate," Reuters/*Times of Israel,* June 30, 2024.

[98] Department of State Press Briefing, July 2, 2024.

[99] CRS Report R47321, *Iran: Background and U.S. Policy*, by Clayton Thomas.

drone and missile attacks. Additionally, Iran is approaching "nuclear threshold state" status, and has a growing partnership with Russia.

April 2024 Israel-Iran Escalation

A series of strikes and counter-strikes between Israel and Iran in April 2024, including the first-ever direct attack on Israel from Iranian soil, represents a significant escalation in a years-long "shadow war" between the two countries.[100] Previously, the conflict had been fought mostly in theaters outside of each country's territory, between Israel and Iran-supported groups (such as Hezbollah in Lebanon), and/or by covert or non-kinetic means (such as cyberwarfare).

On April 13, Iran initiated the first-ever direct military action against Israel from Iranian territory in the form of aerial attacks (drones and ballistic and cruise missiles). Iran states that the attacks were in retaliation for an April 1 strike reportedly by Israel against a building within the Iranian embassy compound in Damascus, Syria.[101] That strike killed high-level members of the Islamic Revolutionary Guard Corps (IRGC), an arm of the Iranian military and an FTO.

In total, Iran and allied groups reportedly launched approximately 350 drones and missiles from Iran, Syria, Iraq, and Yemen toward Israel.[102] Roughly half of the some 115-130 ballistic missiles may have failed to launch or crashed before reaching their targets.[103] Of the remaining projectiles, Israel, along with the United States, Jordan, France, and the United Kingdom, reportedly intercepted most of them,[104] using an array of combat aircraft and missile defense systems. The IDF said that nearly all the drones and missiles fired were downed outside Israeli airspace by Israel and its partners or were intercepted by Israel's Arrow missile defense system.[105]

U.S. officials contend that Iran, given the scale of the attack, was seeking to cause "significant destruction and casualties," explicitly arguing against analysis that "the Iranians meant to fail."[106] Those who align with that latter viewpoint contend that Iran could have used more drones and missiles and/or more advanced variants, and that Iran "did telegraph these attacks in advance which made them easier to deter."[107] Iranian military officials have said that the attack creates a "new equation," with the IRGC commander stating, "From now on, if Israel attacks Iranian interests, figures and citizens anywhere, we will retaliate from Iran."[108]

President Biden sought to "coordinate a united diplomatic response to Iran's brazen attack" while pledging to remain engaged with Israel and other regional counterparts.[109] On April 18, President Biden announced additional U.S. sanctions targeting the IRGC and entities supporting Iran's

[100] Ethan Bronner, "How Iran and Israel Attack Each Other While Avoiding All-Out War," Bloomberg, October 9, 2023.

[101] Amanda Taub, "Israel bombed an Iranian Embassy complex. Is that allowed?" *New York Times,* April 2, 2024.

[102] Jeff Seldin, "Israel calls for sanctions on Iran missile program after massive attack," Voice of America, April 16, 2024.

[103] Gordon Lubold, "Many Iranian Missiles Failed to Launch or Crashed Before Striking Target, U.S. Officials Say," *Wall Street Journal,* April 15, 2024.

[104] Seldin, "Israel calls for sanctions on Iran missile program after massive attack."

[105] "Iran fires some 300 drones, missiles at Israel in first-ever direct attack; 99% downed," *Times of Israel,* April 14, 2024.

[106] White House, "Press Briefing by Press Secretary Karine Jean-Pierre and National Security Communications Advisor John Kirby," April 15, 2024.

[107] "Why have Israel and Iran attacked each other?" BBC News, April 19, 2024.

[108] Susannah George, "Iran crosses old red lines and sets 'new equation' with attack on Israel," *Washington Post,* April 14, 2024.

[109] White House, "Statement from President Joe Biden on Iran's Attacks against the State of Israel," April 13, 2024.

drone programs, and stated that U.S. "allies and partners have or will issue additional sanctions and measures to restrict Iran's destabilizing military programs."[110] Israeli officials reportedly considered a range of responses to the April 13 attack,[111] after President Biden reportedly told Israeli Prime Minister Benjamin Netanyahu "that the U.S. will not participate in any offensive operations against Iran and will not support such operations."[112]

On April 19, Israel reportedly launched an air attack near an Iranian military base in the central province of Isfahan, and supposedly provided a few hours' advance notice to U.S. officials.[113] Although the attack appeared to be relatively narrow in scope, it may have signaled an Israeli ability to evade and target Iranian air defenses—apparently damaging the radar on a Russian-origin S-300 system—in a province where some of Iran's nuclear facilities are located.[114] Iranian leaders downplayed the strike's impact while reiterating pledges to retaliate against any "proven" and "decisive" Israeli action against Iran.[115] The muted response from Iran, the relatively limited scope of the strike, and the lack of official U.S. or Israeli comment on the incident apparently signaled a de-escalation of the situation in at least the short term.[116]

Nevertheless, heightened risks of direct Israel-Iran conflict may persist, with Israel likely to continue efforts to disrupt Iranian support for groups Israel deems as threats.[117] For example, a June airstrike in Aleppo, Syria, reportedly killed 16 people from pro-Iran groups, including an IRGC general, prompting promised retaliation against Israel from the IRGC commander.[118]

Lebanese Hezbollah: Border Violence and Threat of Larger War

Hezbollah profile and general threats from Lebanon and Syria. Lebanese Hezbollah is Iran's closest and most powerful nonstate 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—most notably in a 34-day war in 2006.[119]

Described as "the world's most heavily armed non-state actor,"[120] Hezbollah has an arsenal of missiles and rockets that has been estimated at 120,000-200,000, with some able to reach the southernmost parts of Israel (see **Figure 1**). Hezbollah also has reportedly provided support to

[110] White House, "Statement from President Joe Biden on Iran Sanctions," April 18, 2024. See also Department of the Treasury, "Treasury Targets Iranian UAV Program, Steel Industry, and Automobile Companies in Response to Unprecedented Attack on Israel," April 18, 2024.

[111] Ronen Bergman et al., "Israel Weighs Response to Iran Attack, with Each Choice a Risk," *New York Times*, April 16, 2024.

[112] Barak Ravid, "Scoop: Biden told Bibi U.S. won't support an Israeli counterattack on Iran," Axios, April 14, 2024.

[113] "Israel strikes Iran, Israeli official says; White House declines to comment on attack," *Washington Post*, April 19, 2024; "Washington wrestles with 'new equation' of direct attacks between Iran and Israel," CNN, April 19, 2024.

[114] Farnaz Fassihi et al., "Israeli Strike Damaged Iran's Aerial Defenses," *New York Times*, April 21, 2024.

[115] "Iranian foreign minister says it will not escalate conflict and mocks Israeli weapons as 'toys that our children play with,'" NBC News, April 19, 2024.

[116] "Israel, Iran ready to de-escalate—for now: analysts," Agence France Presse, April 19, 2024.

[117] Raphael S. Cohen, "The Iran-Israel War Is Just Getting Started," *Foreign Policy*, April 22, 2024.

[118] "Iran says IRGC general killed in alleged Israeli strike in Aleppo Monday," Agence France Presse/*Times of Israel*, June 5, 2024; "How Israeli strikes are raising the cost of Iran's presence in Syria," *Al-Monitor*, June 10, 2024.

[119] CRS Report R47321, *Iran: Background and U.S. Policy*, by Clayton Thomas; CRS Report R44759, *Lebanon: Background and U.S. Relations*; CRS In Focus IF10703, *Lebanese Hezbollah*. See also "Long history of warfare on Israel-Lebanon border," Reuters, June 7, 2024.

[120] "Missiles and Rockets of Hezbollah," CSIS Missile Defense Project, August 10, 2021.

many other Iran-supported groups, including Hamas, and has played a pivotal role in assisting Syria's regime during its civil war.[121]

Figure 1. Hezbollah's Rocket and Missile Arsenal

Category	Model	Range	Diameter	Warheads	Arsenal
Short-Range Unguided Rockets	"Katyusha"	4–40 km	107–122 mm	6–20 kg high explosive (HE) or submunitions	40,000–80,000
	Fajr-1 and Type 63 derivatives	8–10 km	107 mm	8 kg HE fragmentation	
	Burkan	10 km	—	100–500 kg HE	
	Falaq-1	10–11 km	240 mm	50 kg HE	
	Falaq-2	10–11 km	333 mm	120 kg HE	
	Shahin-1	13 km	333 mm	190 kg HE	
	Type 81	20.5 km	122 mm	39 submunitions	
Long-Range Unguided Rockets	Fajr-3	43 km	240 mm	45 km HE	60,000–80,000
	Fajr-5	75 km	333 mm	90 kg HE	
	Raad-2/Raad-3 Uragan-type	60–70 km	220 mm	50 kg HE	
	Khaibar-1	100 km	302 mm	150 kg HE	
Short-Range Unguided Ballistic Missiles	Zelzal-1	125–160 km	610 mm	600 kg HE	20,000–40,000
	Zelzal-2	210 km	610 mm	600 kg HE	
	Fateh-110/M-600	250–300 km	610 mm	450–500 kg HE	
Intermediate-Range Unguided Ballistic Missiles	Scud-B/C/D	300–500 km	880 mm	600–985 kg HE	10–50
Short-Range Guided Ballistic Missiles	Fateh-110/M-600	250–300 km	610 mm	450–500 kg HE	150–400
				Total	120,000–200,000

Source: Shaan Shaikh and Ian Williams, "Missiles and Rockets of Hezbollah: An Overview," CSIS, *CSIS Briefs*, July 5, 2018,https://www.csis.org/analysis/hezbollahs-missiles-and-rockets; "Hezbollah and Lebanon: An In-Depth Examination under Hassan Nasrallah's Leadership," Israeli Defense Forces, accessed January 30, 2024, https://www.idf.il/en/mini-sites/hezbollah-and-lebanon-an-in-depth-examination-under-hassan-nasrallah-s-leadership/; and Yehoshua Kalisky, "Precision Missiles, UAVs, and Tens of Thousands of Fighters: Hezbollah's Order of Battle," Institute for National Security Studies, October 19, 2023, https://www.inss.org.il/social_media/precision-missiles-uavs-and-tens-of-thousands-of-fighters-hezbollahs-order-of-battle/.

Source: Seth G. Jones et al., "The Coming Conflict with Hezbollah," Center for Strategic and International Studies, March 21, 2024.

Hezbollah has for years focused on expanding its arsenal. In 2022, Hezbollah leader Hassan Nasrallah said that Hezbollah, with Iranian assistance, was converting rockets into precision-guided missiles.[122] Hezbollah also reportedly has thousands of drones of various types and has used "explosive attack drones" against Israeli targets since 2023.[123] Nasrallah has claimed that the group boasts over 100,000 fighters, but most outside estimates are in the range of 25,000 to 50,000 fighters. That figure includes the elite Radwan Force (between 2,500 to 10,000), made up of commandos trained to conduct offensive operations, including potentially into Israel.[124] Hezbollah also reportedly maintains a vast network of tunnels within Lebanon that could help it

[121] Sune Engel Rasmussen et al., "Iran's 'Axis of Resistance' Faces Moment of Truth After Attacks on Israel, U.S. Base," *Wall Street Journal*, January 30, 2024; Matthew Levitt, *Hezbollah's Regional Activities in Support of Iran's Proxy Networks*, Middle East Institute, July 2021.

[122] "Hezbollah Can Turn Rockets into Precision Missiles, Make Drones - Nasrallah," Reuters, February 16, 2022.

[123] Peter Beaumont, "Israel and Hezbollah edge closer to war as drone hits key Israeli command base," *Guardian*, January 9, 2024.

[124] "For a Change, Hezbollah's Boast of 100,000 Fighters Is Not Aimed at Israel," *Times of Israel*, October 19, 2021; Sean Mathews, "US signals to Hezbollah it will back Israeli offensive, as frustration with Gaza ceasefire grows," *Middle East Eye*, June 19, 2024.

carry out attacks while complicating Israeli efforts to degrade Hezbollah's capabilities or target its leaders and personnel;[125] Israel destroyed six tunnels leading into Israel in 2018-2019.[126]

In Syria, Iran has sought to bolster Hezbollah and its own influence by sending advanced weapons to Lebanon via Syrian territory or by establishing other military sites. In response, Israel has conducted thousands of airstrikes on Iran-backed targets in Syria that could present threats to its security.[127]

Post-October 7 violence and Hezbollah's additional military capabilities. Hezbollah and Israel have periodically exchanged fire across Israel's northern border since October 7, 2023, raising the possibility of a broader escalation in which Hezbollah's arsenal could threaten Israeli strategic sites and population centers. Since October 7, some 95 Lebanese civilians and more than 330 Hezbollah fighters have reportedly been killed; in Israel, at least nine civilians and 17 soldiers have reportedly been killed.[128]

About a month after the Hamas-led attacks, Hezbollah leader Hassan Nasrallah expressed support for Hamas, pledged retaliation for Israeli military action in Lebanon, and said that "all the options are open to us." At the same time, Nasrallah distanced the group from the October 7 attacks themselves.[129] He said that the attacks were "100 percent Palestinian," thus possibly signaling a Hezbollah inclination to avoid broader war at the time.[130]

One analyst has said that Hezbollah has sought to highlight new or additional military capabilities to "strengthen deterrence for a conventional war."[131] In Hezbollah's clashes with Israel since October, Hezbollah has had some success in eluding Israeli missile defense systems with short-range anti-tank missiles that have low trajectories,[132] as well as relatively inexpensive high-speed, low-flying, maneuverable drones.[133] Strategists and analysts in Israel and the United States have expressed concern that Hezbollah could be capable of overwhelming, depleting, or targeting Israeli air defense systems via massive and more precise drone and missile volleys (see text box below).[134] In October 25, 2023, testimony before a House Financial Services subcommittee, one analyst said:

> Hezbollah has at least 150,000 to 200,000 rockets of different types, and at least 200 to 300 of them are really very dangerous smart rockets with large payloads that can go the distance

[125] Tal Beeri, *Hezbollah's "Land of Tunnels" - the North Korean-Iranian connection*, Alma Research and Education Center, August 2021.

[126] Yaniv Kubovich, "Israeli Army Finds Last and Largest Hezbollah Attack Tunnel, Ending Six-week Op," *Haaretz*, January 13, 2019.

[127] Anna Ahronheim, "Thousands of airstrikes carried out by Israel in past five years," *Jerusalem Post*, March 29, 2022.

[128] Michael Gordon, "Biden Administration Scrambles to Head Off Wider War Between Israel and Hezbollah," *Wall Street Journal*, June 27, 2024.

[129] Dale Gavlak, "Hezbollah Leader Stops Short of Entering Gaza Conflict," Voice of America, November 3, 2023.

[130] Ibid.

[131] Seth Jones, quoted in "Lebanon's Hezbollah reveals more of its arms in risky escalation," Reuters, June 13, 2024.

[132] Yonah Jeremy Bob, "Has Hezbollah flipped the equation on Israel?" *Jerusalem Post*, January 16, 2024.

[133] Shira Rubin, "Israel's air defense caught off guard by Hezbollah's low-tech drones," *Washington Post*, June 19, 2024.

[134] Yaniv Kubovich, "No Iron Dome for Drones: IDF Seeks Answers to Growing Hezbollah Threat," *Haaretz*, June 21, 2024; Yuval Azulay, "'Fire and blood': The chilling reality facing Israel in a war with Hezbollah," CTech by Calcalist, February 9, 2024; Seth G. Jones et al., "The Coming Conflict with Hezbollah," Center for Strategic and International Studies, March 21, 2024.

and have guided systems. They have enough rockets that they can overload even Israel's four tier anti-missile system.[135]

Israeli Efforts and U.S. Cooperation to Counter Drones[136]

Israeli defense companies are seeking to build Israel's capabilities to counter drones (unmanned aerial systems) through research and development of various methods to detect incoming unmanned aircraft (using radio or optical sensors) and then either disabling, destroying, or seizing them by jamming their communications, intercepting their flight paths, or hacking their electronic systems.[137] Since FY2020, the United States has appropriated $128 million (including $40 million in FY2024) for cooperative U.S.-Israel counter-drone efforts. Section 1277 of P.L. 117-263, the James M. Inhofe National Defense Authorization Act for Fiscal Year 2023, authorized these cooperative counter-drone efforts to include funding for "directed energy capabilities," and extended the program's authorization through calendar year 2026.

In response to Hezbollah's use of drones to penetrate Israeli air defenses, one source has stated, "Among reported planned improvements to Israel's air defence systems are upgrades to the Iron Dome system to make it better equipped to deal with slower-flying uncrewed aircraft and the reintroduction of retired conventional anti-aircraft weapons."[138] According to a May 2024 *Defense News* article, Israel may seek to acquire the U.S.-produced M61 Vulcan cannon (which could reportedly be used atop Israeli armored personnel carriers), and is testing the Vulcan and other potential solutions.[139]

Threat of escalation as of mid-2024 and U.S. role. Israeli officials have threatened wider military action in Lebanon if Hezbollah's fighters (particularly the Radwan Force) are not kept back from the border to mitigate the threat of an October 7-style attack and permit the roughly 60,000 Israelis that have been evacuated from the northern border to return to their homes.[140] While Prime Minister Netanyahu has expressed hope for a diplomatic resolution, as sought by U.S. officials, he has said Israel "can fight on several fronts."[141] U.S. officials have sought a resolution that could permit both the evacuated Israelis and displaced people from southern Lebanon (reportedly around 90,000[142]) to return to their homes.[143] Hezbollah has insisted that Israel first halt fighting in Gaza. With Israel and Hamas at odds over cease-fire terms, U.S. and Israeli officials apparently hope that Hezbollah might be open to de-escalating tensions if Israel transitions to a smaller military footprint and less intense operations in Gaza.[144] Reportedly, U.S.

[135] Matthew Levitt of the Washington Institute for Near East Policy. Transcript at https://plus.cq.com/doc/congressionaltranscripts-7864066?4.

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

[137] Ilan Ben Zion, "As Attack Drones Multiply, Israeli Firms Develop Defenses," Associated Press, September 26, 2019; "Why Drones Are Becoming Iran's Weapons of Choice," *Economist*, November 10, 2021.

[138] Peter Beaumont, "Israeli foreign minister says decision on all-out war against Hezbollah is near," *Guardian*, June 18, 2024.

[139] Tzally Greenberg, "Israel examines M61 Vulcan for countering drones," *Defense News*, May 29, 2024.

[140] "Israel and Hezbollah faceoff raises risk of wider conflict," Reuters, June 21, 2024.

[141] Israeli Prime Minister's Office, "PM Netanyahu's Remarks at the Start of the Government Meeting," January 7, 2024.

[142] "Israel and Hezbollah faceoff raises risk of wider conflict."

[143] Department of State, "Secretary Blinken's Meeting with Israeli Defense Minister Gallant," June 24, 2024. According to one source, "The outlines of such an arrangement have been put forward by American and French mediators. They include a withdrawal of critical Hezbollah's capabilities up to six miles from the border, an enhanced presence by the Lebanese Armed Forces (LAF) and the United Nations Interim Force in Lebanon (UNIFIL), a peacekeeping force that straddles the border, coupled with guarantees and strategic monitoring by the U.S. and France." Firas Maksad, "The Coming Israel-Hezbollah War," *Time*, June 22, 2024.

[144] Jacob Magid, "US, Israel see easing of Gaza fighting as Hezbollah 'off-ramp' to avoid war," *Times of Israel*, June 26, 2024.

officials have indirectly warned Hezbollah (via Lebanese officials) that they would not be able to prevent Israeli military action in Lebanon if the current border situation persists.[145]

During June 2024, Israel and Hezbollah increased the frequency and territorial scope of their cross-border attacks, and each publicly amplified its readiness to face the other in a larger war. Various media sources suggest that neither side wants full-blown war, but actions aimed at addressing domestic demands for the return of evacuees (by Israel) or at establishing deterrence (by Hezbollah) could fuel escalation.[146] U.N. Secretary-General António Guterres has called for immediate de-escalation, the return of displaced persons, and the protection of civilians—saying that one miscalculation "could trigger a catastrophe that goes far beyond the border, and frankly, beyond imagination."[147]

Media reports have described apparent U.S.-Israel discussions in which Israeli officials raised the possibility of a "blitzkrieg" operation to push Hezbollah back from the border, and U.S. officials warned that a "limited war" may be unrealistic because of the difficulty of preventing escalation.[148] On June 19, Hezbollah leader Nasrallah threatened to fight "without restraints, without rules, without limits" if a war "is imposed on Lebanon," stating that Hezbollah also would "deal with" the Republic of Cyprus if it permits Israeli military use of its territory. Hezbollah also released videos purporting to show its ability to target sensitive military sites, infrastructure, and civilian areas.[149] A few days later, Netanyahu said that high-intensity Israeli military operations in Gaza were nearing completion, potentially allowing more Israeli forces to be stationed at the northern border. He also said that any diplomatic arrangement "will include the physical distancing of Hezbollah from the border, and we will need to enforce it."[150] Defense Minister Gallant has stated that Israel "can inflict massive damage in Lebanon" in case of war,[151] and one media outlet has written, "Near-daily aerial bombardment, artillery shelling and the incendiary chemical white phosphorus have made much of the 5km north of the Blue Line [the de facto Israel-Lebanon border] uninhabitable" and "have left a strip of land resembling the 'buffer zone' that Israel wants to establish in Lebanon."[152]

Other factors potentially influencing key actors' conflict-related decisions include

- How Israel determines the advisability of greater force to achieve the country's objectives in light of potential consequences to Israel's home front, international profile, and perceived conventional military superiority in the region.
- How Hezbollah assesses the probable effect of escalation on its future as a militia, political party, and socioeconomic actor within Lebanon, in the context of

[145] Barak Ravid, "U.S. warned Hezbollah it can't hold Israel back if escalation continues," Axios, June 24, 2024.

[146] David Schenker, "Behind the US Plan to Prevent an All-Out Israel-Hezbollah War," *Al Majalla,* June 25, 2024; "Israel and Hezbollah faceoff raises risk of wider conflict," Reuters, June 21, 2024; "Talk of war between Israel and Lebanon is growing," *Economist,* June 5, 2024.

[147] UN News, "'World cannot afford Lebanon to become another Gaza': Guterres," June 21, 2024.

[148] "US concerned Israel's Iron Dome could be overwhelmed in war with Hezbollah, officials say," CNN, June 20, 2024; Barak Ravid, "Scoop: U.S. warns Israel 'limited war' with Lebanon could draw Iran to intervene," Axios, June 6, 2024.

[149] Sarah Dadouch et al., "Israeli defense chief heads to D.C. as Hezbollah escalates threats," *Washington Post,* June 23, 2024. "Head of Lebanon's Hezbollah threatens Israel and Cyprus," Reuters, June 19, 2024.

[150] "PM says open to partial pause and hostage deal but war won't end until Hamas destroyed," *Times of Israel,* June 24, 2024.

[151] "Israel says it can send Lebanon 'back to Stone Age' as UN warns against war," Agence France Presse, June 27, 2024.

[152] Raya Jalabi et al., "Israel's push to create a 'dead zone' in Lebanon," *Financial Times,* June 27, 2024.

Lebanon's strengths and vulnerabilities amid its serious economic struggles and ongoing political stalemate.

- How Iran calculates whether or not major war might weaken Hezbollah's capacity to deter direct Israeli military operations in Iran.

U.S. officials have reportedly cautioned Israeli counterparts that Iran and/or Iran-backed groups in Syria, Iraq, and Yemen could intervene if Israel engages in major military action against Hezbollah in Lebanon.[153] Air Force General Charles Q. Brown, Jr., Chairman of the Joint Chiefs of Staff, said in June that Israel-Hezbollah war could risk an Iranian response potentially endangering U.S. forces in the region.[154] Days later, Iran's mission to the United Nations warned that "full-scale military aggression" by Israel in Lebanon would lead to "an obliterating war" with the possible "involvement of all Resistance Fronts."[155] An unnamed U.S. official has been cited as stating that the United States would provide Israel with "additional air defense systems and Iron Dome replenishments" in the event of war,[156] but Chairman Brown indicated that U.S. military help for Israel in defending against Hezbollah's shorter-range projectiles may be less effective than the U.S.-Israel cooperation in April against the missile/drone barrage from Iran.[157] As three U.S. amphibious ships moved into the Mediterranean Sea in late June with the 24th Marine Expeditionary Unit on a scheduled rotation, the Department of Defense deputy spokesperson said they were there to "ensure regional stability and deter aggression," and could assist in evacuating Americans if necessary.[158]

Saudi Arabia and Possible Normalization

In late April 2024, reports emerged that U.S. and Saudi officials were close to finalizing a host of potential agreements and understandings on security and bilateral relations in connection with possible Saudi normalization of relations with Israel.[159] At an April 29, 2024, World Economic Forum event in Riyadh, Secretary of State Blinken said:

> the work that Saudi Arabia and the United States have been doing together in terms of our own agreements, I think, is potentially very close to completion…. But then in order to move forward with normalization, two things will be required: calm in Gaza and a credible pathway to a Palestinian state.[160]

Israel-Saudi normalization and its timing could depend on whether Israel and Hamas agree to a cease-fire, whether an Israeli government can accept the future possibility of a Palestinian state, and whether such an Israel commitment—in lieu of an actual Israeli-Palestinian deal—would be sufficient for Saudi leaders.

Normalization with Saudi Arabia would represent the most significant diplomatic step for Israel since its peace treaties with Egypt (1979) and Jordan (1994), and could help solidify broader open Arab-Israeli cooperation—with U.S. support—that has been building since 2020 under the

[153] Ravid, "Scoop: U.S. warns Israel 'limited war' with Lebanon could draw Iran to intervene."

[154] Lolita C. Baldor, "An Israel offensive into Lebanon risks an Iranian military response, top US military leader says," Associated Press, June 23, 2024.

[155] X, I.R.IRAN Mission to UN, NY, June 28, 2024 – 7:42 PM, https://x.com/Iran_UN/status/1806835657815323085.

[156] "US concerned Israel's Iron Dome could be overwhelmed in war with Hezbollah, officials say."

[157] Baldor, "An Israel offensive into Lebanon risks an Iranian military response, top US military leader says."

[158] Department of Defense, "Deputy Pentagon Press Secretary Sabrina Singh Holds a Press Briefing," June 28, 2024.

[159] Jonathan Lis and Amir Tibon, "Saudi Arabia to Normalize Relations with Israel: 'Decision on Timing to Be Made Within Days,' Diplomatic Source Says," *Haaretz*, April 29, 2024.

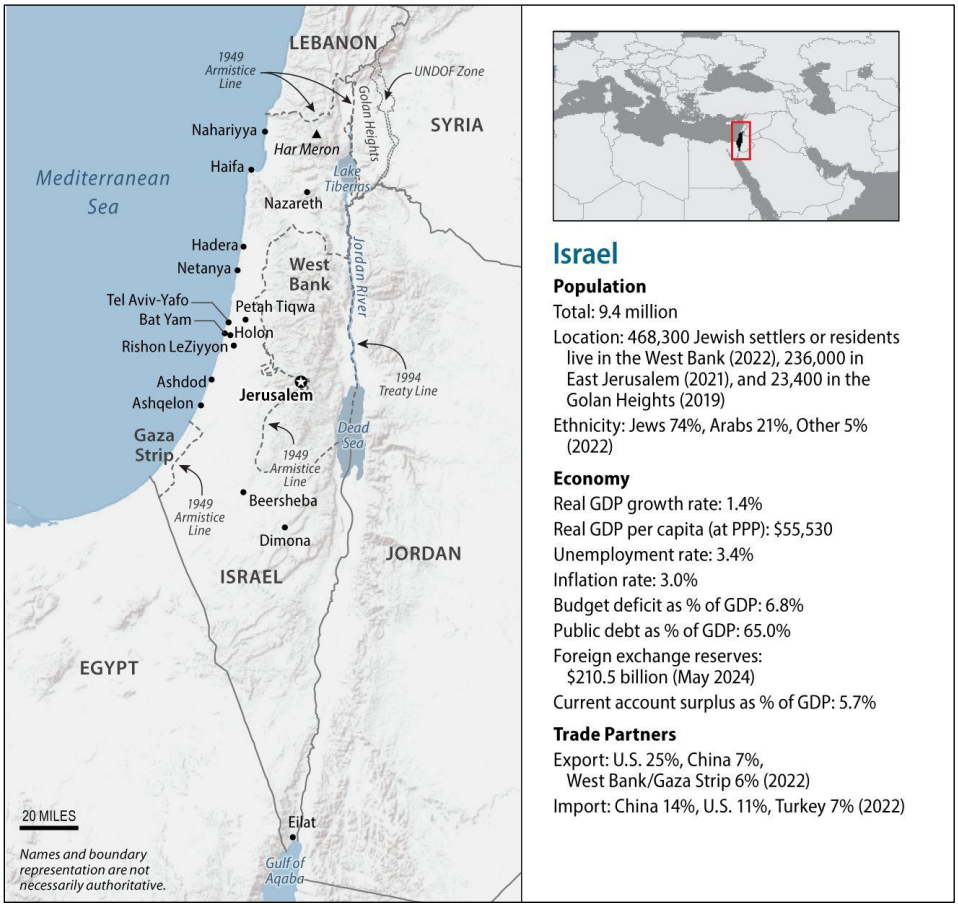
[160] Department of State, "Secretary Antony J. Blinken at a Conversation with World Economic Forum President Borge Brende," April 29, 2024.

Abraham Accords (involving the United Arab Emirates, Bahrain, and Morocco) on a number of regional security, economic, and other matters. Important areas of potential Arab-Israeli common cause, depending on several factors such as popular sentiment within Arab countries, could include countering perceived Iranian threats and influence in the region, and seeking greater peace and stability with respect to Gaza and other areas of conflict near Israel's borders.

In response to a press briefing question about whether U.S.-Saudi agreements could possibly move forward without Israel-Saudi normalization and a pathway to a two-state solution, a Department of State spokesperson said on May 2, 2024, that the United States and Saudi Arabia have been "very clear that this is a package deal that would include a bilateral component and also include a path to two states."[161]

[161] Department of State Press Briefing, May 2, 2024.

Appendix A. Israel: Map and Basic Facts



Sources: Graphic created by CRS. Map boundaries and information generated 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*; Economist Intelligence Unit; and Bank of Israel. All numbers are projections for 2024 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.

Appendix B. Main Israeli Parties and Their Leaders

RIGHT	
	Likud (Consolidation) – Coalition (32 Knesset seats) Israel's historical repository of right-of-center nationalist ideology; skeptical of territorial compromise; has also championed free-market policies. *Leader: Prime Minister Benjamin Netanyahu* Born in 1949, Netanyahu returned as Israel's prime minister in December 2022. Previously, he served as prime minister from 2009 to 2021, and also 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 political dealmaker and a security-minded nationalist.
	Religious Zionism (HaTzionut HaDatit) – Coalition (7 seats) Ultra-nationalist party with focus on expanding settlements, supporting annexation of West Bank areas, and aligning Israeli societal practices with traditional Jewish religious law. Elected on a common slate with Jewish Power and Noam. *Leader: Bezalel Smotrich* Born in 1980, Smotrich is Israel's finance minister, as well as a minister within the defense ministry with some responsibilities over West Bank administration. He 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.
	Jewish Power (Otzma Yehudit) – Coalition (6 seats) Ultra-nationalist party with similar positions to Religious Zionism. Elected on a common slate with Religious Zionism and Noam. *Leader: Itamar Ben Gvir* Born in 1976, Ben Gvir is Israel's national security minister. He once belonged to Kach, a movement based on the racist ideology of former Knesset member Meir Kahane (1932-1990) that was finally banned from elections in the 1990s. Ben Gvir was convicted in 2007 for incitement to racism and supporting terrorism but says that he has moderated his positions and does not generalize about Arabs. He is a lawyer and has represented Jewish nationalist activists. Ben Gvir has been a regular fixture at contentious gatherings of Jews and Arabs in Jerusalem.
	New Hope (Tikva Hadasha) – Opposition (6 seats) New Hope is a party formed in 2020 as an alternative to Prime Minister Netanyahu and Likud for mainstream right-wing voters. After joining with Blue and White to form National Unity in 2022, New Hope returned to its independent status and left the wartime government coalition in March 2024. *Leader: Gideon Sa'ar* Born in 1966, Sa'ar served as justice minister from 2021 to 2022. Previous positions include cabinet secretary in the 1990s (for Prime Minister Netanyahu) and early 2000s (for Prime Minister Ariel Sharon), 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.

Yisrael Beitenu (Israel Our Home) – Opposition (6 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 has previously served as Israel's defense minister, foreign minister, and finance minister. He 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.

Noam (Pleasantness) – Coalition (1 seat)
Ultra-nationalist party with focus on traditional Jewish religious values on family issues (including opposition to LGBTQ rights), Sabbath day observance, and the conversion process. Elected on a common slate with Religious Zionism and Jewish Power.

Leader: Avi Maoz
Born in 1956, Maoz is a former civil servant who later turned to politics. He has headed Noam since its establishment in 2019. In the current government, he heads an office in the prime minister's office devoted to Jewish identity.

LEFT

Labor (Avoda) – Opposition (4 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: Yair Golan
Born in 1962, Golan became Labor's leader in 2024. After a military career in which he served as IDF deputy chief of staff from 2014 to 2017, Golan served in the Knesset in 2019-2020 as part of the Democratic Union alliance and 2020-2022 representing the Meretz party. In June 2024, Golan announced a merger between Labor and Meretz into a party calling itself "The Democrats."

CENTER

Yesh Atid (There Is a Future) – Opposition (24 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 transitioned from a successful media career to politics in 2013, when he founded Yesh Atid. In the 2013 election, Yesh Atid had a surprising second-place finish and Lapid served as finance minister in the Netanyahu-led government from 2013 to 2015. Subsequently, Lapid has avoided allying with Netanyahu, and Yesh Atid appears to have displaced the Labor party as the leading political option for Israelis who do not support right-of-center parties. Lapid has stated support for a two-state solution to the Israeli-Palestinian conflict. He served as foreign minister and then prime minister in the 2021-2022 coalition.

National Unity (HaMachane HaMamlachti) – Opposition (8 seats)
Successor to centrist Blue and White (Kahol Lavan) party. Seeks to draw contrasts with Netanyahu-led Likud by claiming support for long-standing Israeli institutions such as the judiciary and for an inclusive vision of Israeli nationalism for Jewish and non-Jewish citizens. Varying views on Israeli-Palestinian conflict.

Leader: Benny Gantz
Born in 1959, Gantz served as chief of general staff of the Israel Defense Forces from 2011 to 2015. He then served as defense minister from 2020 to 2022. After the October 7, 2023 attacks, Gantz joined the government and Israel's war cabinet and served as a minister without portfolio until leaving the government in June 2024.

ULTRA-ORTHODOX	
	Shas (Sephardic Torah Guardians) – Coalition (11 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 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. As part of a plea deal for tax fraud in January 2022, Deri agreed to resign from the Knesset, but returned in the November 2022 election. In January 2023, Israel's High Court of Justice ruled that he could not serve as interior and health minister in the current government because he had indicated in the 2022 plea deal that he would permanently leave politics.
	United Torah Judaism – Coalition (7 seats) Ashkenazi Haredi coalition (Agudat Yisrael and Degel HaTorah); favors welfare and education funds in support of Haredi lifestyle; opposes territorial compromise with Palestinians and conscription of Haredim; generally seeks greater application of its interpretation of traditional Jewish law. *Leader: Yitzhak Goldknopf* Born in 1951, Goldknopf is Israel's construction and housing minister. He has been prominent in the ultra-Orthodox community as an operator of kindergartens and day care centers, and as an advocate for legal measures to enforce Sabbath observance.
ARAB	
	Hadash-Ta'al – Opposition (5 seats) Electoral slate featuring two Arab parties that combine socialist and Arab nationalist political strains: Hadash (Democratic Front for Peace and Equality) and Ta'al (Arab Movement for Renewal). *Leader: Ayman Odeh* Born in 1975, Odeh is the leader of Hadash, an Arab Israeli socialist party, along with the overall Hadash-Ta'al slate. An attorney, he served on the Haifa city council before becoming Hadash's national leader in 2006.
	United Arab List (UAL or Ra'am) – Opposition (5 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. He led the UAL into the previous 2021-2022 coalition after receiving promises that the government would focus more resources and attention on socioeconomic help for Arab Israelis.

Sources: Various open sources.

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