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The Palestinians: Overview and Key Issues for U.S. Policy

The Palestinians and their ongoing disputes and interactions with Israel raise significant issues for U.S. policy. U.S.-Palestinian tensions have risen in connection with Trump Administration actions on Israeli-Palestinian matters such as Jerusalem and aid (see “Key U.S. Policy Issues” below).

The Palestinians are an Arab people whose origins are in present-day Israel, the West Bank, and the Gaza Strip (Gaza). Fatah, an Arab nationalist faction, is the driving force within the Palestine Liberation Organization (PLO), which represents Palestinians internationally. The Sunni Islamist group Hamas (a U.S.-designated terrorist organization) has not accepted PLO recognition of Israel and constitutes the main opposition to Fatah.

Of the approximately 12.4 million Palestinians worldwide, about 4.8 million (98% Sunni Muslim, 1% Christian) live in the West Bank and Gaza. About 1.5 million additional Palestinians are citizens of Israel, and 6.1 million more live elsewhere. Of the total Palestinian population, around 5.4 million (roughly 44%) are refugees (registered in the West Bank, Gaza, Jordan, Lebanon, and Syria) whose claims to land in present-day Israel constitute a major issue of Israeli-Palestinian dispute. The U.N. Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) provides assistance (such as health care, education, and housing) to Palestinian refugees.



Source: Economist Intelligence Unit.

Note: West Bank and Gaza Strip borders remain subject to Israeli-Palestinian negotiation.

International attention to the Palestinians’ situation increased after Israel’s military gained control over the West Bank and Gaza in the 1967 Arab-Israeli War. Direct U.S. engagement with Palestinians in the West Bank and Gaza dates from the establishment of the Palestinian Authority (PA) in 1994. In the past decade, other regional

political and security issues have taken some of the global attention from Palestinian issues.

Timeline of Key Events Since 1993

- 1993-1995 Israel and the PLO mutually recognize each other and establish the PA, which has limited self-rule (subject to overall Israeli control) in the Gaza Strip and specified areas of the West Bank.
- 2000-2005 Clinton Administration is unable to broker an Israel-PLO peace agreement; second Palestinian *intifada* affects prospects for Israeli-Palestinian peace, leads to tightened Israeli security in the West Bank, and complicates the U.S. third-party role.
- 2004-2005 PLO Chairman/PA President Yasser Arafat dies; Mahmoud Abbas succeeds him.
- 2005 Israel unilaterally disengages from Gaza, but remains in control of airspace and land/maritime access points; Israeli settlements continue to expand in the West Bank (including East Jerusalem).
- 2006 Hamas wins majority in Palestinian Legislative Council and leads new PA cabinet; Israel, United States, and European Union confine relations to PA President Abbas.
- 2007 West Bank-Gaza split: Hamas seizes control of Gaza Strip; Abbas reorganizes PA cabinet to lead West Bank; this remains the status quo to date.
- 2007-present Various rounds of U.S.-brokered Israeli-Palestinian peace negotiations (the last in 2013-2014) end unsuccessfully; PLO/PA increases efforts to gain membership in or support from international organizations.
- 2017-present Trump Administration recognizes Jerusalem as Israel’s capital, and U.S.-Palestinian tensions increase.

PLO/PA: Governance, Security Coordination, Financial Concerns, and Succession

The PA held occasional elections for president and a legislative council until the Hamas victory in the 2006 legislative elections. Since then, it has ruled by presidential decree. Given the West Bank-Gaza split in 2007, it is unclear if and when elections will take place again.

The United States and some other countries sought to bolster the Abbas-led PA in the West Bank vis-à-vis Hamas, including through economic and nonlethal security assistance. However, U.S. aid shrank considerably in 2018 and ended completely in early 2019. Assistance for Palestinians continues from European Union and Arab Gulf

states. Israel-PA security coordination, which has contributed to the West Bank's stability since the end of the second intifada, has continued to date.

The PA faces acute financial concerns because, as of February 2019, it has rejected monthly revenue transfers from Israel that, when annualized, represent approximately 65% of the PA budget, in protest of some amounts withheld by Israel (for more detail, see CRS Report R44245, *Israel: Background and U.S. Relations in Brief*, by Jim Zanotti). The Arab League has pledged assistance to make up for some of the PA's resulting budgetary shortfall.

Mahmoud Abbas's age (b. 1935) and reports of deteriorating health have contributed to speculation about who might lead the PA and PLO upon the end of his tenure. There are a number of possible successors. **Majid Faraj** (arguably the adviser most trusted by Abbas), **Saeb Erekat** (the PLO's top negotiator), and **Salam Fayyad** (a previous PA prime minister) have major profiles internationally, but limited domestic popular support. **Mohammed Shtayyeh** (PA prime minister since March 2019 and a close Abbas confidant) is an internationally visible Fatah insider. Other key Fatah figures include **Mahmoud al Aloul** and **Jibril Rajoub**. **Marwan Barghouti** attracts significant popular support, but has been imprisoned by Israel since 2002. **Muhammad Dahlan** enjoys support from some Arab states, but was expelled from Fatah in 2011.

Hamas and Gaza

Hamas controls Gaza through its security forces and obtains resources from smuggling, informal "taxes," and reported external assistance from some Arab sources and Iran. Hamas also maintains a presence in the West Bank and a political bureau that conducts the movement's worldwide dealings. Gaza-based **Ismail Haniyeh** is the leader of Hamas's political bureau. **Yahya Sinwar**, Hamas's leader for Gaza, came from Hamas's military wing.

Hamas and other Gaza-based militants have engaged in three significant conflicts with Israel (2008-2009, 2012, 2014). In each conflict, the militants launched rockets indiscriminately toward Israel, and Israeli military strikes largely decimated Gaza's infrastructure. The actions on both sides exacerbated a conundrum for third-party countries and international organizations that seek to rebuild Gaza's infrastructure without bolstering Hamas.

A sharp decrease in PA and external funding to Gaza since 2017 has worsened already difficult conditions there. This has led some international observers and Israeli officials to warn of a growing crisis, and some Members of Congress to call for a resumption of U.S. assistance to help alleviate suffering. Israeli-approved cash transfers from Qatar since late 2018 have provided some relief for Gazans. According to the World Bank, Gazans' real per capita incomes have fallen by one-third since 1994, owing largely to the West Bank-Gaza split and to Israel's and Egypt's tight controls on goods and people transiting Gaza's borders.

Violence flares regularly between Gazans and Israel's military, periodically escalating toward larger conflict. At the same time, Hamas is reportedly keeping options open for a long-term cease-fire with Israel.

Fatah and Hamas have reached a number of Egypt-brokered agreements aimed at ending the West Bank-Gaza split. However, key provisions remain unimplemented, with

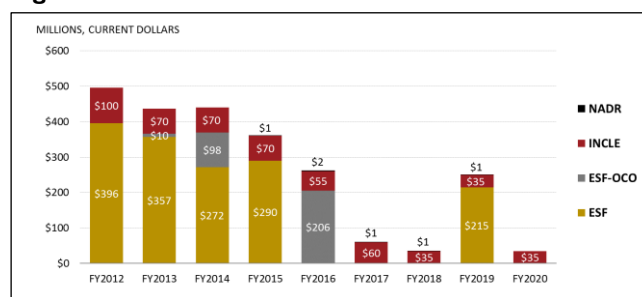
Hamas still effectively in control despite PA responsibility for some civil services. A new Fatah-dominated PA government established by Abbas in March 2019 may deepen rather than ease Fatah-Hamas tensions.

Key U.S. Policy Issues

The Trump Administration has clashed politically with Mahmoud Abbas and the PLO/PA. After President Trump recognized **Jerusalem** as Israel's capital in December 2017 and announced his intention to relocate the U.S. embassy there, Abbas broke off high-level political contacts with the United States and turned to other international actors.

Since then, the Trump Administration **significantly reduced bilateral aid** to the West Bank and Gaza, **discontinued contributions to UNRWA** for Palestinian refugees, **closed the PLO's representative office in Washington, DC**, and **subsumed the U.S. consulate general in Jerusalem** within the U.S. embassy to Israel.

Figure 1. U.S. Bilateral Assistance to the Palestinians



Sources: U.S. State Department and USAID, adapted by CRS.

Notes: All amounts are approximate. Amounts stated for FY2019 and FY2020 have been requested, with ultimate appropriation and allocation amounts to be determined. NADR = Nonproliferation, Antiterrorism, Demining, and Related Programs, INCLE = International Narcotics Control and Law Enforcement, ESF = Economic Support Fund, OCO = Overseas Contingency Operations.

Congress enacted the **Anti-Terrorism Clarification Act** in 2018 (ATCA; P.L. 115-253). Under the ATCA, as of February 2019 **the PA refused to accept any U.S. bilateral aid** in the West Bank and Gaza—including nonlethal security assistance that Israel supports—because doing so might subject the PLO/PA to legal liability in U.S. courts. Apparently, U.S. aid to the Palestinians will not resume unless Congress amends or repeals the ATCA, or the Administration channels the aid differently.

The Trump Administration claims that it will introduce a **peace plan**, but has delayed its release numerous times. Partly due to the Administration's lack of public opposition to Israeli statements regarding possible unilateral annexation of West Bank settlements, Palestinian leaders claim that the Administration has aligned itself with Israel to predetermine key diplomatic outcomes. The PLO may consider discontinuing security coordination and other Israeli-Palestinian arrangements, as it has previously without Abbas having implemented its recommendations.

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