The Middle East: Selected Key Issues and Options for the 112th Congress

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Summary

The Middle East, broadly defined as an area stretching from North Africa to the Afghanistan, presents an array of challenges to U.S. foreign policy. Although the United States maintains strong relations with several key Arab and non-Arab states such as Israel, Egypt, Saudi Arabia, Jordan, and Turkey, other state and non-state actors, such as Iran, the Lebanese Shiite group Hezbollah in Lebanon, and the Palestinian Sunni group Hamas, are aligned against U.S. interests. The United States and its regional and international allies continue to work to limit the influence of these actors while advocating for economic and political reform to address ongoing socio-economic challenges and to promote democracy and a greater respect for human rights in the region.

Members of the 112th Congress may face any number of issues in or relating to the Middle East including the war in Afghanistan, terrorism, foreign assistance, democracy promotion, and ongoing effects of the global financial crisis. This report provides an overview of key issues, a summary of past Congressional action on these issues, and options for congressional consideration during the 112th Congress.

Key issues include:

- Iran Sanctions
- Preserving Israel’s Qualitative Military Edge
- Israeli-Palestinian Peace Process
- U.S. Aid to the Palestinians
- Saudi Arabia: Arms Sales and Security Cooperation
- Yemen
- Iraq: Defining Post-2011 Relations
- Turkey
- U.S. Policy Toward Syria
- U.S. Support for Lebanon
- U.S. Democracy Promotion in Egypt
- Islam, Al Qaeda, and U.S. Counterterrorism Strategy

This report also contains a section, Appendix A, with links to relevant Congressional Research Service reports, along with analyst contact information.
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The Middle East: Introduction and General Questions for Congressional Consideration

The Middle East, broadly defined as an area stretching from North Africa to the Afghanistan, presents an array of challenges to U.S. foreign policy. Although the United States maintains strong relations with several key Arab and non-Arab states such as Israel, Egypt, Saudi Arabia, Jordan, and Turkey, other state and non-state actors, such as Iran, the Lebanese Shiite group Hezbollah in Lebanon, and the Palestinian Sunni group Hamas, are aligned against U.S. interests. Hezbollah and Hamas are both U.S. State Department-designated Foreign Terrorist Organizations (FTOs) and have refused to renounce the use of violence against Israel. It is widely believed that Iran continues to seek nuclear weapons capability, a goal that, if achieved, would have serious balance of power and proliferation consequences throughout the region and globally. Some observers fear that Israel could preemptively strike Iran and thereby trigger a wider war. Iran also continues its strong ties to Syria, complicating U.S. efforts to peel that Arab state away from its predominantly Persian ally and advance a more comprehensive Israeli-Arab peace process.

Although most observers agree that the image of the United States in the Middle East has improved under the Obama Administration, widespread dissatisfaction with U.S. policy in the region remains. Muslim world outreach and the Administration’s decision to try to close the U.S. detention facility at Guantanamo have done little to limit the influence of state and non-state actors aligned against U.S. interests (Iran, Syria, Hezbollah, Hamas). The ongoing war in Afghanistan1 and the perceived failure of the United States in bringing Israel and Palestinian leadership together to advance the peace process have curbed U.S. influence in the broader Middle East. Regional actors themselves, such as Saudi Arabia, Qatar, and Turkey, have taken more responsibility for resolving disputes rather than reflexively deferring to U.S. diplomacy.

In addition to these broad geopolitical realities, the Middle East continues to struggle with the effects of the global financial crisis and a range of domestic socio-economic challenges including wide-spread poverty, income inequality, population growth, high unemployment, and water resource scarcity. Lack of respect for human rights and the underdeveloped state of democracy in the region are often criticized by citizens, advocacy groups, and international observers alike. The United States has continued to advocate for economic and political reform to address these challenges.

General questions for congressional consideration include:

- If the Obama Administration continues the push for Middle East peace, how will the 112th Congress respond to Palestinian divisions, Hamas’ control of the Gaza Strip, continued Israeli settlements, and various obstacles to the peace process?
- Given the budget constraints facing the nation, how will the United States continue to support an array of regional initiatives, such as foreign aid to key strategic partners, democracy promotion, and development assistance?

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• Despite U.S. and international sanctions, radical regimes, such as Iran and Syria, continue to persist in pursuing policies counter to U.S. interests. What new tools, if any, may Congress employ to change their behavior? Should some existing policy tools be reinforced or adapted?

• To what extent does the United States remain vulnerable, at home and abroad, to terrorist attacks from Al Qaeda-inspired groups? How will policymakers balance counterterrorism strategies with diplomatic strategies for improving U.S. bilateral relationships with Arab regimes?

Members of the 112th Congress may face any number of issues in or relating to the Middle East including the war in Afghanistan, terrorism, foreign assistance, democracy promotion, human rights concerns, and ongoing effects of the global financial crisis. Unexpected challenges are also likely. Discussed below are issues of interest to Members of the 111th Congress that may receive attention in the 112th Congress, a summary of past congressional action, and options for Members of the 112th Congress.

Iran Sanctions

There appears to be a growing international consensus to adopt progressively stricter economic sanctions against Iran to try to compel it to compromise on its further nuclear development. Measures adopted since mid-2010 by the United Nations Security Council, the European Union, and several countries complement the numerous U.S. laws and regulations that have long sought to slow Iran’s alleged weapons of mass destruction (WMD) programs and curb its support for militant groups. The U.S. view—increasingly shared by major allies—is that sanctions should target Iran’s energy sector, which provides about 80% of government revenues, and try to isolate Iran from the international financial system. U.S. efforts to curb international investment in Iran’s energy sector began in 1996 with the Iran Sanctions Act (ISA), a U.S. law that mandates penalties against foreign companies that conduct certain business with Iran’s energy sector. ISA represents a U.S. effort, which is now broadening, to persuade foreign firms to choose between the Iranian market and the much larger U.S. market.

Legislative Options

In the 111th Congress, the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (CISADA, P.L. 111-195, signed July 1, 2010) expanded ISA significantly to try to restrict Iran’s ability to make or import gasoline. Iran depends on gasoline imports for about 40% of its needs. CISADA also adds a broad range of other measures that restrict: access to the U.S. market for banks that conduct transactions with sanctioned Iranian entities; the already limited amount of U.S. trade with Iran; and some high technology trade with countries that allow WMD-useful technology to reach Iran. CISADA’s enactment followed the June 9, 2010 adoption of U.N. Security Council Resolution 1929, which imposes a ban on sales of heavy weapons to Iran and sanctions many Iranian entities affiliated with its Revolutionary Guard. The Resolution does not mandate sanctions on Iran’s energy or broad financial sector but it does authorize such measures.

European Union sanctions, enacted July 27, 2010, use the authorities of United Nations Resolution 1929 to prohibit EU involvement in Iran’s energy sector and restrict trade financing

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2 Prepared by Kenneth Katzman, Specialist in Middle Eastern Affairs.
and banking relationships with Iran, among other measures. National measures announced by Japan and South Korea in early September 2010—both are large buyers of Iranian energy—impose restrictions similar to those of the EU.

Because so many major economic powers have imposed sanctions on Iran, the sanctions are, by most accounts, having a growing effect on Iran’s economy even though reliable empirical data is scarce. Among other indicators, there were a stream of announcements by major international firms during 2010 that they are exiting the Iranian market. However, there is not a consensus that sanctions are causing a demonstrable shift in Iran’s commitment to its nuclear program—the key strategic objective of the sanctions. Many observers believe that the 112th Congress might consider additional Iran sanctions legislation, and possibly also measures to support Iran’s domestic opposition through democracy promotion funding or other efforts.

Preserving Israel’s Qualitative Military Edge

For decades, the United States and Israel have maintained strong bilateral relations based on a number of factors, including strong domestic U.S. support for Israel; shared strategic goals in the Middle East (concern over Iran, Syria, Islamic extremism); shared democratic values; and historic ties dating from U.S. support for the creation of Israel in 1948. U.S. foreign aid has been a major component in cementing and reinforcing these ties. Although there have been differences over Israel’s settlements in the West Bank and Gaza Strip and Israeli arms sales to China, successive Administrations and many lawmakers have long considered Israel to be a reliable partner in the region, and U.S. aid packages for Israel have reflected this sentiment. Critics of U.S. aid policy, particularly some in the Middle East, argue that U.S. foreign aid exacerbates tensions in the region. Many Arab commentators insist that U.S. assistance to Israel indirectly causes suffering to Palestinians by supporting Israeli arms purchases.

Congress has taken measures to strengthen Israel’s security and maintain its “qualitative military edge” (QME) over neighboring militaries, and successive administrations have routinely affirmed the U.S. commitment to strengthening Israel’s QME. In July 2010, Assistant Secretary of State for Political-Military Affairs Andrew J. Shapiro publicly reaffirmed the Obama Administration’s commitment to preserving Israel's QME. He said, “We are fully committed to Israel's security because it enhances our own national security and because it helps Israel to take the steps necessary for peace.”

Legislative Options

The 112th Congress may choose to focus on U.S. aid to Israel as a way to preserve its QME. For FY2011, the Obama Administration requested $3 billion in Foreign Military Financing (FMF) to

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3 Prepared by Jeremy M. Sharp, Specialist in Middle Eastern Affairs.

4 In 2008, Congress passed legislation (P.L. 110-429, the Naval Vessel Transfer Act of 2008) that defines QME as the ability to counter and defeat any credible conventional military threat from any individual state or possible coalition of states or from non-state actors, while sustaining minimal damage and casualties, through the use of superior military means, possessed in sufficient quantity, including weapons, command, control, communication, intelligence, surveillance, and reconnaissance capabilities that in their technical characteristics are superior in capability to those of such other individual or possible coalition of states or non-state actors.

5 Remarks at the Brookings Saban Center for Middle East Policy. Available online at http://www.state.gov/t/pm/rls/rm/144753.htm.
Israel. Defense appropriations for co-research and development of missile defense systems also may be an issue for the 112th Congress. U.S.-Israeli missile defense cooperation has been authorized and appropriated in the defense authorization and appropriations bills. In FY2010, Congress appropriated over $202 million for U.S.-Israeli missile defense. In March 2010, the Obama Administration announced that it would support an additional $205 million in defense assistance to Israel for the purchase of up to ten Iron Dome short-range missile defense batteries. Congress may act to authorize and appropriate these funds for Iron Dome.

**Israeli-Palestinian Peace Process**

Since the founding of the State of Israel in 1948, wars between Israel and its neighbors have repeatedly spurred active U.S. diplomacy and their resolutions have required Congress to legislate assistance for Israel and its erstwhile adversaries. Congressional aid appropriations have reinforced Israel’s peace treaties with Egypt and Jordan and have helped to enable the peace process between Israel and the Palestinians to proceed, albeit with interruptions. On taking office in 2009, President Obama declared Israeli-Palestinian peace to be a U.S. national security interest because the lack of peace has affected U.S. relations with countries in the Middle East and elsewhere and provided extremists with a cause. However, his early call for a halt to all Israeli settlement activity in the West Bank led Palestinian Liberation Organization (PLO) Chairman Mahmud Abbas to echo that demand and tie it to his participation in direct talks with Israel. A limited ten-month Israeli moratorium on settlement activity in the West Bank enabled the Administration to bring about only very short-lived proximity talks between the parties. As the settlement freeze expired in September 2010, settlements persisted as an obstacle to talks. Israel has proceeded with settlement activity in the West Bank as well as in East Jerusalem, which it views as part of its indivisible capital of Jerusalem and which the Palestinians regard as their future capital. The Administration reportedly offered a generous package of incentives to Israel in order to obtain an additional three-months settlement freeze, during which time it hoped to achieve a breakthrough on a few issues in order to create momentum for more comprehensive final status talks. However, reportedly it abandoned that effort in December and set about searching for new approaches. Final status issues in the negotiations center on borders, security, Jerusalem, refugees, and water.

**Legislative Options**

Congress may continue to be interested in the Arab-Israeli peace process because of its oversight role in the conduct of U.S. foreign policy, its support for Israel, and keen constituent interest.

In the 111th Congress, as in the past, several resolutions were introduced to require the Administration to recognize Jerusalem as the capital of Israel and to relocate the U.S. embassy there from Tel Aviv. Foreign operations appropriations legislation restricts U.S. official conduct with the Palestinian Authority (PA) in Jerusalem, thereby emphasizing Congress’s commitment to an undivided Jerusalem as Israel’s capital. The Obama Administration, as had its predecessors, maintains that Jerusalem is a final status issue for the parties to negotiate. As in the past, appropriations legislation also required a new Palestinian state that might be established as a result of peace talks to act peacefully and take action to counter terrorism. In addition, Congress

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6 Prepared by Carol Migdalovitz, Specialist in Middle Eastern Affairs.
passed resolutions supporting Israel’s right to self-defense against rocket attacks from the Gaza Strip and against a flotilla attempting to break Israel’s blockade of the Gaza Strip.

In the 112th Congress, legislation may revisit moving the U.S. embassy to Jerusalem and the conduct of all U.S. official business in the city, conditions for a new Palestinian state, and reactions to possible violent confrontations between Israeli forces and Palestinian groups and their supporters. Should an Israeli-Palestinian peace accord be achieved, the Administration may call on Congress to provide additional assistance to Israel for taking what have been described as the “risks” for peace and to the Palestinians to enable them to establish a viable state.

U.S. Aid to the Palestinians

U.S. aid to the Palestinians forwards at least three major U.S. policy priorities of interest to Congress:

- Combating, neutralizing, and preventing terrorism against Israel from Hamas and other militant organizations;
- Creating a virtuous cycle of stability and prosperity in the West Bank that inclines Palestinians toward peaceful coexistence with Israel and prepares them for self-governance; and
- Meeting humanitarian needs (particularly in the Gaza Strip) and preventing destabilization.

Legislative Options

U.S. aid policy toward the Palestinians during the 111th Congress has largely been a continuation of the policy established in June 2007 following the factional and geographical split between

1. the Palestinian Authority (PA) in the West Bank (led by President Mahmoud Abbas and Prime Minister Salam Fayyad) that receives Western assistance; and
2. the regime in the Gaza Strip led by Hamas, a State Department-designated Foreign Terrorist Organization.

Since the split, annual U.S. bilateral assistance to the West Bank and Gaza Strip has averaged over $600 million annually (and spiked to nearly $1 billion in 2009 following the Gaza conflict between Hamas and Israel), including annual averages of over $200 million in direct budgetary assistance and over $100 million in non-lethal train-and-equip security assistance for the PA in the West Bank. Additional humanitarian assistance for Palestinian refugees in Gaza and elsewhere, provided mostly through the U.N. Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), has averaged over $200 million annually since 2007. Because of congressional concerns that, among other things, U.S. funds might be diverted to Palestinian terrorist groups, much of this aid is subject to a host of vetting and oversight requirements and legislative restrictions. U.S. assistance to the Palestinians is given alongside assistance from other, mostly Western donors, and U.S. policymakers routinely call for greater assistance from Arab states whose contributions are chronically late and/or less than what they initially pledge.

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7 Prepared by Jim Zanotti, Analyst in Middle Eastern Affairs.
Saudi Arabia: Arms Sales and Security Cooperation

On October 20, 2010, the Administration notified Congress of several proposed sales of military equipment and related services to Saudi Arabia, including the proposed sale of fighter aircraft, attack and utility helicopters, upgrades of existing Saudi fighter aircraft, and related weaponry and services. If all options are exercised, the proposed sales may be worth over $60 billion dollars over a period of 10 to 15 years. The proposed sales include 84 new F-15SA fighter aircraft, the upgrade of 70 F-15S fighter aircraft, 70 new AH-64D Block III APACHE helicopters, and dozens of UH-60M BLACKHAWK and other helicopters. The Obama Administration hopes the proposed sales will help “sustain long-term relationships to ensure continued U.S. influence for decades.”

The proposed sales raise a series of policy questions for Congress among which are questions about the rationale for the sales, their likely effect on the regional security balance, and their likely effects on Israel’s security. The Obama Administration hopes the proposed sales would strengthen Saudi Arabia vis-à-vis Iran and help “sustain long-term relationships to ensure continued U.S. influence for decades,” a potentially important consideration given the advanced age and failing health of some key Saudi leaders.

The Obama Administration has praised improvements in U.S.-Saudi counterterrorism cooperation with regard to Al Qaeda, while U.S. officials have indicated in public comments that some challenges remain, including on terrorist financing. U.S. concerns about human rights in Saudi Arabia and the export of religious extremism persist, without clear solutions in sight. Saudi leaders share U.S. concerns about Iranian policies and regional ambitions, but remain wary of embracing Iraq’s elected government and engaging Israel beyond a standing Saudi peace proposal (known as the Arab Peace Initiative).

Legislative Options

In the 111th Congress, several committees of jurisdiction reviewed the proposed arms sales in both classified and unclassified settings. A series of congressional briefings from Administration officials preceded the formal notification of the proposed sales in October 2010. On November 12, 2010, 198 Members of Congress wrote to the Obama Administration “to raise concerns and pose a number of strategic questions” about the proposed sales. The Obama Administration’s response letter of November 16, 2010, reflects its belief—which has been shared by successive previous Administrations—that it is possible to strengthen the longstanding U.S. military partnership with Saudi Arabia while maintaining Israel’s qualitative military edge (see “Preserving Israel’s Qualitative Military Edge” above) over its neighbors. The U.S. government is pursuing an initiative to supply Israel with fifth-generation F-35 Joint Strike Fighter aircraft, which, when delivered, would maintain Israel’s status as having the most advanced fighter aircraft in the region. H.J.Res. 104, introduced December 15, 2010, would have prohibited the proposed sales to Saudi Arabia.

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8 Prepared by Christopher Blanchard, Analyst in Middle Eastern Affairs.
Members of the 112th Congress may seek to exercise additional oversight of U.S. military training, arms sales, and counterterrorism cooperation with Saudi Arabia through hearings or briefings with Administration officials. The United States has played a central role in the development, training, and arming of the Saudi Arabian military since the 1940s, and long-standing U.S. military training and equipment support programs in the kingdom remain important pillars of U.S.-Saudi relations. New U.S. programs for Saudi interior security forces and critical infrastructure security also are being implemented. With regard to the proposed arms sales, Congress retains the option of passing legislation to block or modify an arms sale at any time up to the point of delivery of the items involved. Such an action, if taken, would, as with a joint resolution of disapproval, be subject to Presidential veto. However, since any such action in the 112th Congress would be taken after the close of the 30-day review period outlined in the Arms Export Control Act (AECA, 22 U.S.C. 2751 et seq.), new legislation seeking to block or modify the specific arms sales would not enjoy the expedited procedural privileges specified in the Act. Congress may also seek to alter or provide enhanced oversight of U.S. security assistance to Saudi Arabia in light of policy concerns outlined above.

Yemen

Due to the ever-increasing threat of Yemen-based terrorists carrying out an attack against the U.S. homeland, it is likely that the 112th Congress may focus on U.S. counterterrorism policy in Yemen. Al Qaeda in the Arabian Peninsula (AQAP) unsuccessfully attempted to bomb Northwest Airlines Flight 253 on Christmas Day 2009 and, more recently, destroy two air cargo flights using explosives hidden inside printer cartridges destined for Chicago in October 2010. American citizen Anwar al Awlaki, AQAP’s radical ideologue, also has attempted to indoctrinate U.S. citizens and motivate them to carry out terrorist bombings on U.S. soil. Awlaki has been either directly or indirectly linked to radicalizing, among others, Major Nidal M. Hasan (committed the November 2009 mass shooting at Fort Hood Army Base in Texas), Umar Farouk Abdulmutallab (the Nigerian accused of trying to ignite explosive chemicals to destroy Northwest/Delta Airlines Flight 253 on Christmas Day 2009), and Faisal Shahzad (alleged Times Square failed car bomber).

For the past several months, numerous reports have indicated the Obama Administration is contemplating how to increase assistance and intelligence cooperation with Yemen without overly militarizing the U.S. presence there. In the short term, some reports suggest that the CIA may increase its use of drones inside Yemen or place U.S. military units overseen by the Defense Department Joint Special Operations Command (JSOC) under its control. The U.S. military historically has had only a limited presence in Yemen, and as such, U.S. intelligence agencies may have limited knowledge of the local terrain and may need time before they are able to employ all assets to their maximum capacity.

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10 For specific information on these programs see CRS Report RL33533, Saudi Arabia: Background and U.S. Relations, by Christopher M. Blanchard.
12 Prepared by Jeremy M. Sharp, Specialist in Middle Eastern Affairs.
Legislative Options

As Yemen becomes a more prominent battlefield against Al Qaeda-affiliated terrorist groups, Congress may assess whether the Administration is able to balance the short-term need to counter terrorism against the long-term goal of stabilizing Yemen. Other lawmakers may demand more U.S. military involvement in Yemen, particularly if AQAP is able to carry out an attack inside the United States. Some Members may demand more forcefully that Yemen cooperate with the United States by apprehending wanted AQAP operatives such as Awlaki.

The 112th Congress may choose to consider new appropriations for Yemen. In FY2010, the United States provided an estimated $290 million in total aid (including economic and development aid) and that figure is expected to increase in FY2011. The Defense Department also has proposed increasing Section 1206 security assistance to Yemen to $1.2 billion over a five- or six-year period. In the past, the Yemeni government has cautioned the United States against overreacting to the terrorist threat there, though in recent months, Yemeni forces have launched several large-scale campaigns against suspected AQAP strongholds in the Abyan and Shabwah governorates.

Whether U.S.-Yemeni security cooperation can be sustained over the long term is the key question for U.S. lawmakers and policymakers. Inevitably, at some point, disagreements arise over Yemen’s policy of releasing alleged terrorists from prison in order to placate tribal leaders and domestic Islamist politicians who oppose U.S. “interference” in Yemen and U.S. policy in the region in general.

Iraq: Defining Post-2011 Relations

Iraq’s political system and U.S.-supported elections have been increasingly characterized by peaceful competition, as well as by attempts to form cross-sectarian alliances. However, ethnic and factional infighting continues, sometimes involving the questionable use of key levers of power and legal institutions. This infighting—and the belief that holding key political offices may mean the difference between life and death for Iraq’s political communities—significantly delayed agreement on leadership of a new government following the March 7, 2010, national elections for the Council of Representatives (COR, parliament). With U.S. intervention, on November 10, 2010, major ethnic and sectarian factions agreed on the most senior positions of a new government, breaking the long deadlock. Since then, the major political blocs have begun to implement the agreement and form a broad-based government, although one that might lack clear direction and ability to reach consensus on major issues. Some observers worry that U.S. influence is waning and that the new government remains dominated by parties aligned with Iran, including Prime Minister Nuri al Maliki and supporters of the Shiite cleric Moqtada al Sadr. Others warn of the potential for conflict between Iraq’s Kurdistan Regional Government and nationalist Arabs.

Many Iraqis view the long political vacuum and ongoing high profile attacks as contributing to a sense of uncertainty and disillusionment, in spite of the drawdown of U.S. forces to below 50,000 personnel and a formal end of the U.S. combat mission. The violence has caused some experts to question whether stability will continue after all U.S. forces depart at the end of 2011. Some

14 Prepared by Kenneth Katzman, Specialist in Middle Eastern Affairs and Christopher Blanchard, Analyst in Middle Eastern Affairs.
believe that a reduction in U.S. leverage and influence in Iraq will cause the rifts among major ethnic and sectarian communities to widen to the point where Iraq could become a “failed state” after 2011, unless some U.S. troops remain. In several areas, U.S. officials do not expect Iraqi Security Forces to meet Minimum Essential Capability benchmarks before the end of 2011. The formation of the government will allow U.S. officials to directly address their goals of securing a long-term strategic partnership with Iraq and defining the terms of continued security cooperation and potential arms sales. The opposition of some Iraqi parties to a partnership and their inclusion in key ministries and positions may complicate U.S. attempts to secure lasting cooperation. The U.S. government will be pursuing these initiatives while undertaking a complex transition from military to civilian leadership of its efforts in Iraq, with the State Department overseeing a large expansion in civilian personnel, associated security needs, and costs.

Legislative Options

U.S. economic assistance to Iraq has declined significantly since the 2003-2007 period when large amounts of funding were obligated to reconstruct war-damaged infrastructure, win hearts and minds of the Iraqi people, build security forces, and help demonstrate the value of a stable Iraqi government. As efforts funded through the main stabilization accounts have been completed, U.S. Economic Support Fund (ESF) assistance reached $382.5 million in FY2010. The Administration’s FY2011 request sought to keep economic aid at that level and continue support for Iraq’s security forces, although Senate appropriators recommended significant cuts in both areas. FY2011 funding for Iraq is provided under the terms of the Continuing Appropriations Act, 2011 (P.L. 111-242, as amended by P.L. 111-290), which provides foreign aid spending at the level in the FY2010 Consolidated Appropriations Act (P.L. 111-117).

It remains to be seen whether future economic and security assistance for Iraq will face resistance in the 112th Congress, in light of some Members’ persistent concerns about Iraq’s ability and willingness to invest in its own reconstruction and security forces. Iraq’s oil revenues appear poised to grow, although its domestic investment needs, foreign debts, and financial management challenges remain considerable. The transition from U.S. military operations to a U.S. civilian-led presence in Iraq opens several new avenues for the exercise of oversight by Congress. Congress also may be asked to consider appropriations and authorization requests and review proposed arms sales intended to support U.S.-Iraqi security cooperation.

Turkey

Turkey is a long-term U.S. NATO ally with which bilateral relations have become increasingly complex. Thus far, however, only certain aspects of the relationship have drawn congressional attention. They are issues of interest to Diaspora communities, notably Greek-Americans and Armenian Americans, who demand that Turkey change its policies regarding the Greek Orthodox Church and religious freedom, Cyprus, and the Armenian national “genocide” of 1915-1917. Turkey has not been a major recipient of U.S. foreign aid since the 1990s. Other issues such as a possible reorientation of Turkey’s foreign policy have been the subject of hearings. Congressional concern became more pronounced after Turkey voted against enhanced U.N. Security Council sanctions on Iran and Turkish activists and Israeli commandos had a violent confrontation when

15 Prepared by Carol Migdalovitz, Specialist in Middle Eastern Affairs.
Israel attempted to divert a Turkish ship that was part of a flotilla attempting to break the blockade of Gaza.

Legislative Options

In the 111th Congress, in line with constituent interests, legislation called on the Administration to urge Turkey to respect the property and religious rights of the Greek Orthodox Ecumenical Patriarch whose seat is in Istanbul, to recognize his international status, and to allow him to train clergy. The House Foreign Affairs Committee approved H.Res. 252 for consideration by the full House, calling on the Administration to affirm the U.S. historical record that documented the Armenian genocide. A parallel resolution in the Senate did not receive a committee hearing. The House passed H.Res. 1631, which called for the protection of Greek Orthodox religious sites and artifacts in Turkish-occupied areas of northern Cyprus.

In the 112th Congress, issues of concern to select constituencies with regard to Turkey may arise again, notably the rights of the Greek Orthodox Church and the genocide resolution, which did not obtain a floor vote in the House. Since the NATO summit in Lisbon in November 2010 adopted a new missile defense architecture in which Turkey is expected to play a critical role, Ankara may press the Administration to help fund missiles and supporting radar in Turkey that are part of the system. Should the Administration agree, it would require new defense appropriations. In addition, congressional interest in possible political and policy changes resulting from the June 2011 Turkish national election may prompt oversight hearings unless Ambassador-designate to Turkey Francis J. Ricciardone receives a recess appointment or the Senate revisits his or a replacement nomination in the 112th Congress. The 111th Congress did not vote on the nomination due to a Member’s hold.

U.S. Policy Toward Syria16

U.S. policy toward Syria may be of interest to some lawmakers in the 112th Congress as they consider how best to peel Syria away from Iran. Upon taking office in 2009, the Obama Administration slightly altered the previous Bush Administration approach toward Syria by appearing more willing to engage the Syrian government in a diplomatic dialogue in the hope of securing its cooperation on Iraq, Iran, Lebanon, and the peace process. The Obama Administration made some gestures toward the Asad government, such as sending several high level delegations to Damascus for discussions and allowing sanctions-exempted materials to be exported to Syria. Overall, U.S. sanctions against Syria have remained in force since President Obama took office in January 2009, leading critics to assert that the change in U.S. tone toward Syria two years ago was superficial.

Now, after two years of attempting to engage Syria diplomatically, the Obama Administration appears to be shifting its tactics to applying more pressure on the Syrian government to play a more constructive role in stabilizing Lebanon and advancing the Arab-Israeli peace process. This shift has coincided with renewed international concern about Lebanon. Hezbollah has threatened to destabilize the country should, as anticipated, the Special Tribunal for Lebanon issue indictments against Hezbollah members for the murder of former Lebanese Prime Minister Rafiq

16 Prepared by Jeremy M. Sharp, Specialist in Middle Eastern Affairs.
Hariri. The Administration’s shift also comes after nearly two years of unsuccessfully attempting to restart Israeli-Syrian peace talks due to resistance by both Israel and Syria.

Legislative Options

With U.S.-Syrian relations possibly becoming more tense, Congress may choose to impose new sanctions against the Asad regime. Other lawmakers may seek to continue U.S. engagement, as several Congressional delegations visited Syria during the 111th Congress. Also during the 111th Congress, lawmakers introduced H.R. 1206, the Syria Accountability and Liberation Act, which would have placed new sanctions on countries and individuals who help Syria gain access to weapons of mass destruction. It also called for sanctions against those who invest $5 million or more in Syria’s energy sector. Appropriators may also choose to fund democracy and governance programs for opposition members and human rights activists repressed by the Asad government.

Congress also may choose to act on the nomination of Robert S. Ford as Ambassador-Designate to Syria. The appointment remains on hold, and there is no vote planned on confirmation scheduled in the Senate. Supporters of sending an ambassador to Syria (there has been no U.S. Ambassador in Damascus since 2005) assert that the lack of a high-level U.S. presence there only hurts U.S. interests. Opponents charge that it is a concession to a rogue Syrian regime.

U.S. Support for Lebanon

Current U.S. policy toward Lebanon is to support the current unity government under the leadership of Prime Minister Saad Hariri, to limit Iranian and Syrian influence, and to contain the U.S. State Department-designated terrorist organization Hezbollah. In support of these goals, the United States has provided economic and military assistance to strengthen state institutions, particularly in the security sector, since Syria’s withdrawal from Lebanon in 2005. Since FY2006, the United States has provided more than $1.35 billion in assistance for Lebanon.

The United States also supports the Special Tribunal for Lebanon (STL) with an annual contribution of $10 million.

Prime Minister Hariri’s government faces a number of challenges. Pending STL indictments have led to increased sectarian tension as Hezbollah appears to be mounting a public relations campaign aimed at discrediting the STL. Hezbollah Secretary General Sayyid Hassan Nasrallah has publicly rejected any potential indictment, characterizing it as a U.S. and Israeli attack on the “resistance.” Escalating rhetoric on the part of Hezbollah and recent statements by Hariri in which he retreated from his earlier claims that Syria was responsible for the assassination have led observers to question whether U.S. support for Hariri and U.S. support for the STL are at odds. The Hariri government’s legitimacy depends in part on the STL’s success, but Hezbollah and the opposition might make it impossible for Hariri to stay in power if the STL proceeds with indictments. Any changes in the Lebanese government could affect the course of U.S. policy and U.S. assistance to Lebanon, particularly if it includes an expanded role for Hezbollah.

17 Prepared by Casey Addis, Analyst in Middle Eastern Affairs.
18 Since FY2006, the United States has provided more than $1.35 billion in assistance for Lebanon.
19 The STL was established by U.N. Security Council Resolution 1757 (adopted May 30, 2007) to investigate and prosecute those responsible for the 2005 assassination of former Lebanese Prime Minister Rafiq Hariri and others.
Legislative Options

Members of the 112th Congress may be asked to consider the Obama Administration’s request for $246 million in FY2011 foreign assistance to continue a multi-year program specifically designed to increase the central authority of the Lebanese state and deter the use of force by non-state actors.

On August 3, 2010, the LAF opened fire on an Israeli Defense Force (IDF) unit engaged in routine brush-clearing maintenance along the Blue Line,20 alleging that it had crossed over into Lebanese territory. Two Lebanese soldiers, a journalist, and an Israeli officer were killed in the confrontation. In response, some Members of Congress placed a hold on the FY2010 $100 million FMF appropriation for Lebanon citing the need to “determine whether equipment that the United States provided to the Lebanese Armed Forces was used against our ally, Israel.” The hold was lifted in December 2010 after congressional consultations with State Department officials, but the incident raised questions about the future of U.S. assistance to Lebanon.

U.S. Democracy Promotion in Egypt21

As Egypt faces a possible leadership transition in the near future, the 112th Congress may decide to express and support a U.S. desire for a more democratic government that preserves human rights and religious freedom for all citizens. Although other countries, such as Iran, Saudi Arabia, and Turkey, play a more formidable role in regional affairs, Egypt is still the Arab world’s largest country by far, and a key partner of the United States both militarily and diplomatically in its support for the Arab-Israeli peace process. Its domestic politics are therefore of keen interest to U.S. policymakers and lawmakers. Some believe that political liberalization in Egypt would spread across the Middle East and possibly beyond. On the other hand, others assert that a stable, though autocratic Egypt at peace with Israel is in the U.S. interest, believing that gradual, long-term change is more desired, lest a sudden takeover by Egypt’s largest opposition movement, the Muslim Brotherhood, usher in a government inimical to U.S. interests in the region. In November and December 2010 parliamentary elections in Egypt, just one Muslim Brotherhood independent won a seat, and the ruling National Democratic Party won over 90% of all seats (as opposed to slightly less than 80% in the last parliament).

In the State Department press release on the parliamentary elections, the Administration stated that

Reports from domestic civil society monitors, candidate representatives, and government officials on the conduct of yesterday’s elections give us cause for concern. We are disappointed by reports in the pre-election period of disruption of campaign activities of opposition candidates and arrests of their supporters, as well as denial of access to the media for some opposition voices. We are also dismayed by reports of election-day interference and intimidation by security forces. These irregularities call into question the fairness and transparency of the process.

20 The Blue Line is a U.N.-determined border used to confirm Israeli withdrawal from Lebanon in 2001.
21 Prepared by Jeremy M. Sharp, Specialist in Middle Eastern Affairs.
Legislative Options

For each of the last few fiscal years, Congress has provided Egypt an estimated $1.5 billion in total military and economic aid, and appropriations are one possible tool Members may use in promoting democracy in Egypt. Although funding for democracy promotion is not the only way to promote reform abroad, its use in Egypt has controversial over the last six years. The Egyptian government has staunchly opposed foreign support to independent non-governmental organizations (NGOs) that are working on political reform, transparency, and government accountability, including civic groups that have no received government approval. During the Bush Administration, policymakers and Members of Congress directed some Economic Support Funds (ESF) toward USAID programming in the democracy and governance (D&G) sector and toward direct support to Egyptian NGOs. Most importantly, in FY2005, Congress for the first time directed that “democracy and governance activities shall not be subject to the prior approval of the GoE [government of Egypt].”

As overall economic aid to Egypt has decreased, so too has U.S. democracy assistance. P.L. 111-117, the Consolidated Appropriations Act, FY2010, provided $25 million in economic aid for democracy promotion (or 10% of total economic aid). Some analysts believe the Obama Administration would like to ease tensions with the Egyptian government by de-emphasizing democracy assistance. Others assert that U.S. funding has been largely ineffective anyway and that assistance should be channeled into areas that make a more immediate impact on the daily lives of average Egyptians. Some critics of U.S. policy believe that portions of U.S. aid should be conditioned on improvements in Egypt's human rights and religious freedom record.

Islam, Al Qaeda, and U.S. Counterterrorism Strategy

The ten years since the September 11, 2001, Al Qaeda terrorist attacks on the United States have seen the U.S. government embark on a global war against Al Qaeda and its affiliates that U.S. officials believe has considerably weakened the organization’s ability to attack the United States. Nevertheless, Al Qaeda’s continued survival, the strength of its regional affiliates, and the apparent persistence of its appeal among some Muslims overseas and in the United States remain vexing problems. By all accounts, Al Qaeda operatives remain determined to attack the United States and its citizens and appear poised to exploit U.S. vulnerabilities, reactions, and policy mistakes. Recent events suggest that Al Qaeda supporters are conducting more sophisticated ideological outreach via the Internet and promoting independent, low-cost operations by individuals with limited linkages to established terrorist networks. These trends may complicate U.S. and allied counterterrorism efforts by amplifying the spread of Al Qaeda’s ideology and making terrorism threats more diffuse, less predictable, and less vulnerable to disruption.

In the Middle East, a series of overlapping dilemmas now confront U.S. policy makers as they pursue counterterrorism goals along with other strategic priorities, such as securing global access to energy supplies, preventing nuclear proliferation, pursuing Israeli-Palestinian peace, and protecting regional allies. Ten years of war in Afghanistan and Iraq have demonstrated the costs, benefits, and limits of sustained U.S. military operations to target Al Qaeda operatives abroad and to stabilize countries where Al Qaeda seeks to establish safe havens. The continued presence of U.S. military forces in the Middle East, Africa, and South Asia remains the subject of Al Qaeda

22 Prepared by Christopher Blanchard, Analyst in Middle Eastern Affairs.
rhetoric about U.S. occupation and imperialism, in spite of the ongoing withdrawal of U.S. forces from Iraq. More limited operations against Al Qaeda figures and counterterrorism assistance programs for allied governments at times have been criticized as violations of sovereignty or as examples of counterproductive U.S. support for undemocratic regimes. At the same time, U.S. support for democratic reform in places such as Egypt, Jordan, and the West Bank and Gaza has risked alienating allied governments and empowering Islamist parties who may oppose U.S. policies. The U.S. government’s outreach to Muslims has expanded and changed in tone over time, but public opinion polls suggest that Muslims in many countries remain skeptical of U.S. intentions and critical of U.S. policies despite more U.S. outreach.

Some observers suggest that more direct, robust U.S. and allied efforts to destroy Al Qaeda operatives and to confront religious extremism are necessary, while acknowledging the costs such an approach may create. Others suggest that the United States should adopt a containment strategy based on the assumption that Al Qaeda’s agenda is self-defeating, that the negative consequences of direct U.S. intervention may outweigh its benefits, and that a lasting victory over Al Qaeda and other violent extremists can only be won by Muslims rejecting extremism in their own mosques, communities, and societies. Still others argue that without a positive U.S. agenda for the Middle East that extends beyond security and counterterrorism concerns, the challenges facing the United States and its allies in the region are likely to persist.

Legislative Options

The 111th Congress held a number of hearings on aspects of U.S. counterterrorism policy, including specific terrorist threats, U.S. foreign assistance, and terrorist financing. Legislative input on U.S. counterterrorism policy was largely directed through annual appropriations and authorization legislation, alongside legislation such as the Enhanced Partnership with Pakistan Act of 2009 (P.L. 111-73). The 112th Congress may seek to further evaluate U.S. counterterrorism strategy and examine U.S. engagement efforts with governments and citizens in predominantly Muslim countries. Issues of potential congressional interest in the Middle East include maintaining U.S.-Iraqi counterterrorism partnership, defeating Al Qaeda affiliates in Yemen and the Sahel, securing greater counterterrorism cooperation from allied governments in the Gulf, and securing peace between Israel and its neighbors.
Appendix A. Relevant Congressional Research Service Reports

Iran Sanctions

CRS Report RS20871, *Iran Sanctions*, by Kenneth Katzman


CRS Report R40849, *Iran: Regional Perspectives and U.S. Policy*, coordinated by Casey L. Addis


Preserving Israel’s Qualitative Military Edge

CRS Report RL33476, *Israel: Background and Relations with the United States*, by Carol Migdalovitz

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

Israeli-Palestinian Peace Process


CRS Report R41514, *Hamas: Background and Issues for Congress*, by Jim Zanotti

U.S. Aid to the Palestinians

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

Saudi Arabia: Arms Sales and Security Cooperation


Yemen

Iraq: Defining Post-2011 Relations

CRS Report RL33793, *Iraq: Regional Perspectives and U.S. Policy*, coordinated by Christopher M. Blanchard


CRS Report RL34064, *Iraq: Oil and Gas Sector, Revenue Sharing, and U.S. Policy*, by Christopher M. Blanchard


CRS Report RS22323, *Iran-Iraq Relations*, by Kenneth Katzman


Turkey

CRS Report RL34642, *Turkey: Selected Foreign Policy Issues and U.S. Views*, by Carol Migdalovitz

CRS Report R41368, *Turkey: Politics of Identity and Power*, by Carol Migdalovitz

U.S. Policy Toward Syria


Lebanon


CRS Report R40485, *U.S. Security Assistance to Lebanon*, by Casey L. Addis

CRS Report R41446, *Hezbollah: Background and Issues for Congress*, by Casey L. Addis and Christopher M. Blanchard

U.S. Democracy Promotion in Egypt


Islam, Al Qaeda, and U.S. Counterterrorism Strategy

Other Selected CRS Reports on the Middle East


CRS Report RS21579, *Morocco: Current Issues*, by Carol Migdalovitz

CRS Report RS20962, *Western Sahara: Status of Settlement Efforts*, by Carol Migdalovitz

CRS Report RS21532, *Algeria: Current Issues*, by Carol Migdalovitz


CRS Report RL33142, *Libya: Background and U.S. Relations*, by Christopher M. Blanchard

CRS Report RL32260, *U.S. Foreign Assistance to the Middle East: Historical Background, Recent Trends, and the FY2011 Request*, by Jeremy M. Sharp

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