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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 (see “Key U.S. Policy Issues” below). U.S.-Palestinian tensions have risen in connection with Trump Administration actions generally seen as favoring Israel, including the release of a U.S. peace plan in January 2020. Within a complicated legal and political context, the United States suspended bilateral aid to the Palestinians in 2019. The resumption of aid may depend on various factors mentioned below, including the public health and economic effects of the global COVID-19 pandemic. The virus’s potential impact on the Gaza Strip—given its infrastructure problems and high population density—may be of particular concern, with possible ripple effects for Israel.

The Palestinians are an Arab people whose origins are in present-day Israel, the West Bank, and 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.



Source: Economist Intelligence Unit.

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

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

health care, education, and housing assistance to Palestinian refugees.

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. For the past several years, 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 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.
- 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 U.S.-Palestinian tensions rise in connection with various Trump Administration actions (see “Key U.S. Policy Issues” below).

PLO/PA: Governance, Security, 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, and some NGOs have criticized its actions on rule of law and civil liberties. Given the West Bank-Gaza split in 2007, it is unclear if elections will take place again.

After 2007, 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. Since the 2019 U.S. suspension of aid, the European Union and Arab Gulf states have continued to provide external assistance for Palestinians. Israel-PA security coordination, which has contributed to the West Bank's stability since the end of the second intifada, continues amid some Palestinian criticism.

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) and Saeb Erekat (the PLO's top negotiator) have major profiles internationally, but limited domestic popular support. Mohammed Shtayyeh (PA prime minister since March 2019) is an internationally visible Fatah insider. Other key Fatah figures include Mahmoud al A'loul 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. Yahya Sinwar, Hamas's leader for Gaza, came from Hamas's military wing. Hamas also maintains a presence in the West Bank—possibly for the purpose of increasing its power there—and a political bureau that conducts Hamas's worldwide dealings. Gaza-based Ismail Haniyeh is the leader of the political bureau. Fatah and Hamas have reached a number of Egypt-brokered agreements aimed at ending the West Bank-Gaza split. However, problems with implementation have left Hamas in control of Gaza despite PA responsibility for some civil services.

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 worsened a conundrum for third-party countries and international organizations that seek to rebuild Gaza's infrastructure without bolstering Hamas.

Difficult living conditions for Palestinians in Gaza persist and are exacerbated by uncertainties regarding external funding. This has led some Members of Congress to call for a resumption of U.S. assistance—including in relation to the COVID-19 crisis—to help alleviate suffering. Israeli-approved cash transfers from Qatar since late 2018 have provided some relief for Gazans. To the extent that outside contributions replace funding from the West Bank-based PA—whose actions suggest some ambivalence over taking responsibility for Gaza—they could undermine prospects for West Bank-Gaza unity. According to the World Bank, Gazans' real per capita incomes fell by one-third between 1994 and 2017, owing partly to Israel 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.

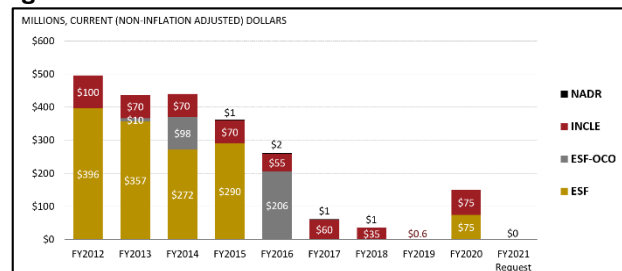
However, since 2019, Hamas has engaged in fewer exchanges of fire with Israel. Some observers have argued that this reduction might reflect an interest by Hamas in an extended calm with Israel. Action toward that end could lose Hamas support from Palestinians who warn against abandoning armed resistance to Israel.

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.

In January 2020, the Trump Administration released a long-awaited "Peace to Prosperity" plan for the Israelis and Palestinians. Palestinian leaders emphatically rejected the plan, which reinforced their concerns that the Administration has aligned itself with Israel to predetermine key diplomatic outcomes. In the wake of the U.S. plan's release, questions include whether Israel might unilaterally annex West Bank areas, and how Palestinians and other regional actors who strongly oppose annexation might react.

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 for FY2020 have been appropriated but not obligated. NADR = Nonproliferation, Antiterrorism, Demining, and Related Programs, INCLE = International Narcotics Control and Law Enforcement, ESF = Economic Support Fund, OCO = Overseas Contingency Operations.

In the context of U.S.-Palestinian tensions, the aid picture is complicated. After actions in 2018 by the Administration and Congress to reduce bilateral aid, and by the Administration to discontinue contributions to UNRWA, Congress enacted the Anti-Terrorism Clarification Act of 2018 (ATCA; P.L. 115-253). In response to ATCA, the PA refused to accept any U.S. bilateral aid in the West Bank and Gaza—including nonlethal security assistance that Israel supports—beyond January 2019. Accepting aid could have subjected the PLO/PA to legal liability in U.S. courts. Later in 2019, the Promoting Security and Justice for Victims of Terrorism Act (§ 903 of P.L. 116-94) removed the provision in ATCA that used U.S. aid as a trigger for potential PLO/PA legal liability. This legal change could lead to U.S.-PA discussions on possibly resuming some aid, including per FY2020 appropriations shown in **Figure 1**. Uncertainty continues regarding aid given questions regarding Trump Administration policies, other potential legal liability triggers for Palestinian entities, and COVID-19.

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