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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). During the Trump Administration, U.S.-Palestinian tensions have risen in connection with U.S. actions generally seen as favoring Israel. In 2020, Palestinian leaders lamented some Arab states’ normalization of relations with Israel because it could undermine past Arab efforts to link such improvements with addressing Palestinian negotiating demands. Within a complicated legal and political context, U.S. aid to the Palestinians was reduced in 2018 and suspended in early 2019; its future is unclear.

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.
- 2017-2020 U.S.-Palestinian tensions rise in connection with various Trump Administration actions (see “Key U.S. Policy Issues” below).
- 2020 In moves opposed by Palestinian leaders, the United Arab Emirates (UAE) and Bahrain fully normalize relations with Israel, and Sudan announces steps in that direction.

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 U.S. suspension of aid, the European Union and Arab Gulf states have continued to provide external assistance for Palestinians, though some Gulf states may have reduced funding in 2020.

In mid-2020, the PA officially suspended security coordination with Israel and stopped accepting transfers of taxes—representing about 60% of PA revenue—that Israel collects on the PA's behalf. These moves occurred in anticipation of possible Israeli annexation of some West Bank areas. Annexation became less likely in late 2020 with the Israel-UAE normalization deal, making it possible that the PA could restart security coordination and/or allow tax transfers to resume out of a desire for greater relative security and fiscal stability. Given measures to control the Coronavirus Disease 2019 pandemic in the West Bank and Gaza, the Economist Intelligence Unit has predicted that the economy for the territories will contract by 8.5% for 2020.

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) has a major profile 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 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. Yahya Sinwar, Hamas's leader for Gaza, came from Hamas's military wing. Hamas also maintains a presence in the West Bank. Qatar-based Ismail Haniyeh is the leader of the political bureau that conducts Hamas's worldwide dealings. 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.

From 2008 to 2014, Hamas and other Gaza-based militants engaged in three significant conflicts with Israel. 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 international actors 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. 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

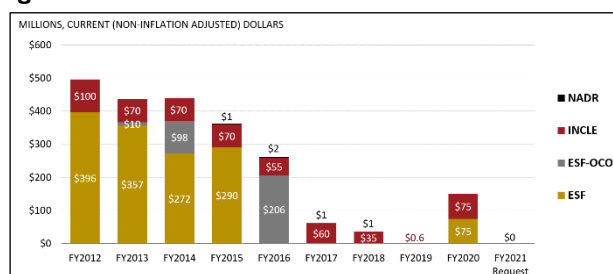
West Bank-based PA—whose actions suggest some ambivalence over taking responsibility for Gaza—they could undermine prospects for West Bank-Gaza unity. According to the World Bank, Gazans' real per capita incomes fell by one-third between 1994 and 2017, owing partly to Israel and Egypt's tight controls 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.

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, Abbas broke off high-level political contacts with the United States and turned to other international actors. The PLO/PA opposed a number of other developments during the Trump Administration, including the establishment of a U.S. embassy to Israel in Jerusalem, other actions to downgrade U.S.-Palestinian diplomatic ties, a 2020 U.S. peace proposal that fueled speculation regarding Israeli West Bank annexation, and the Arab-Israeli normalization deals mentioned above.

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, The Anti-Terrorism Clarification Act of 2018 (P.L. 115-253) led to an end to all bilateral aid in early 2019 because it could have subjected the PLO/PA to legal liability in U.S. courts. A late 2019 legal revocation of the tie between aid and liability might permit the resumption of some aid, including per FY2020 appropriations shown in **Figure 1**.

Future action could change U.S. policy on aid to and diplomacy with the Palestinians. Under U.S. law the resumption of most economic assistance directly benefitting the PA would require a change in PLO/PA welfare payments for or on behalf of people who were killed or imprisoned in connection with charges or acts of terrorism.

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