

An hourglass-shaped graphic with a globe inside. The top bulb is dark blue, and the bottom bulb is light blue. The globe is centered in the narrow neck of the hourglass. The top bulb has a dark blue cap, and the bottom bulb has a light blue cap.

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*Israel and Hamas: Conflict in Gaza (2008-2009)*

Jim Zanotti, Coordinator, Analyst in Middle Eastern Affairs

January 15, 2009

**Abstract.** The Gaza crisis constitutes a conundrum for all involved. Israel would like to avoid a drawn-out invasion and occupation of Gaza, but at the same time does not want to abandon the military operation without assurance that the end result will leave Israelis more secure from rocket attacks. Although the ground attack might endanger its rule in Gaza, Hamas may welcome it in the hopes of miring Israeli forces in close-quarters combat to strip away their advantages in technology and firepower and in hopes of heightening perceptions that Palestinians are being victimized. Linking the cessation of violence in and around Gaza with international enforcement of a truce or a broader regional security initiative may be possible, but, at present, no proposed solution appears straightforward.

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# Israel and Hamas: Conflict in Gaza (2008-2009)

**Jim Zanotti, Coordinator**

Analyst in Middle Eastern Affairs

**Jeremy M. Sharp**

Acting Section Research Manager

**Casey L. Addis**

Analyst in Middle Eastern Affairs

**Christopher M. Blanchard**

Analyst in Middle Eastern Affairs

January 6, 2009

<http://wikileaks.org/wiki/CRS-R40101>

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**CRS Report for Congress**

*Prepared for Members and Committees of Congress*

## Summary

On December 27, 2008, Israel launched a major military campaign dubbed “Operation Cast Lead” against the Palestinian Islamist militant group Hamas in the Gaza Strip in order to counter Palestinian rocket fire and, more broadly, to significantly weaken all aspects of Hamas rule in Gaza. On January 3, 2009, Israel began a ground offensive into Gaza likely intended to eliminate Hamas’s willingness or capability to launch rockets at Israeli towns and cities. As of January 5, Israeli bombings and ground forces had reportedly killed over 530 Palestinians, while five Israelis had been killed by Palestinian rockets and attempts to counter the ground invasion.

Some Israeli observers have suggested that neither toppling the Hamas regime nor permanently ending all rocket attacks is a realistic goal. Nevertheless, by temporarily disabling Hamas’s military capacity, Israel could ease the frequency and intensity of Hamas attacks in the months ahead as it prepares to deploy new, more sophisticated anti-rocket defense systems. One complicating factor for Israel is time: the longer Operation Cast Lead runs without a definitive outcome in Israel’s favor, the more pressure will grow for a cessation of hostilities.

The unraveling of the six-month *tahdiya* or temporary cease-fire between Israel and Hamas that led to the December 2008 outbreak of violence in and around the Gaza Strip can be linked to several factors—some tactical, some more deeply-rooted. Some commentators have said that giving up on the cease-fire was in both sides’ interests.

The world response to the Gaza crisis has been characterized by consistent calls for an end to the violence and by concern over the humanitarian situation in Gaza. The crisis also has exacerbated tensions between countries in the region with a relatively pro-Western orientation—like Egypt, Jordan, and Saudi Arabia—and other countries and non-state actors—like Iran, Syria, and Hezbollah. The more that the Israeli offensive is perceived to target Gaza’s largely impoverished 1.5 million residents, the greater the possibility that Palestinians in Gaza and the West Bank could decide to rise up in opposition. Another *intifada* could have wide-ranging consequences for Israelis and Palestinians and significantly hamper chances for reprising the peace process.

U.S. President-elect Barack Obama will likely be compelled to address the Gaza situation directly at the outset of his administration. The incoming 111<sup>th</sup> Congress may be called upon to increase various forms of assistance to Israel, to the Palestinian Authority headed by President Mahmoud Abbas, and to Palestinian civilians in order to support a sustainable post-conflict order that guarantees Israel’s security and attends to the needs of the Palestinian humanitarian situation.

The Gaza crisis constitutes a conundrum for all involved. Israel would like to avoid a drawn-out invasion and occupation of Gaza, but at the same time does not want to abandon the military operation prematurely for fear of having to go back into Gaza at a later date. Although the ground attack might endanger its rule in Gaza, Hamas may welcome it in the hopes of miring Israeli forces in close-quarters combat to strip away their advantages in technology and firepower and in hopes of heightening perceptions that Palestinians are being victimized. Linking the cessation of violence in and around Gaza with international enforcement of a truce or a broader regional security initiative may be possible, but, at present, no proposed solution appears straightforward.

This report will be updated as necessary to reflect further developments.

# Contents

Introduction: Israel’s 2008-2009 Gaza Campaign.....	1
Overview: Outbreak of Conflict.....	1
Can Israel Achieve Its Goals? .....	4
Strategic Goals .....	4
Tactical Goals.....	5
Long-Term Challenges.....	5
The Unraveling of the Israel-Hamas Cease-Fire .....	6
Background of Hamas in the Gaza Strip .....	6
The Cease-Fire and Its End .....	6
Regional and International Response .....	7
Middle East .....	8
International Community .....	8
United States .....	8
Europe.....	9
United Nations .....	9
Humanitarian Aid Response.....	9
Possible Consequences of the Gaza Campaign .....	10
Effect on the Arab-Israeli Peace Process.....	10
In General .....	10
A Syria-Israel Peace Deal: Still in the Cards?.....	10
Mounting Pressure on Egypt.....	11
A Third <i>Intifada</i> ?.....	12
Why, Where, and How Could an Uprising Occur?.....	12
What Might the PA Security Forces Do? .....	13
Implications for U.S. Policy and the 111 <sup>th</sup> Congress .....	14
The Incoming Obama Administration.....	14
From Proactive to Reactive.....	14
Public Diplomacy Challenges.....	14
Possible Options for the Incoming 111 <sup>th</sup> Congress .....	15
Defense Budget Appropriations for U.S.-Israeli Missile Defense Programs .....	15
Humanitarian Aid (UNRWA) and Other Economic Assistance .....	17
U.S. Security Assistance to the Palestinian Authority .....	18
Conclusion: Addressing the Gaza Conundrum.....	18
Various Problems .....	18
Possible Ways of Reaching and Sustaining a Truce.....	19

## Figures

Figure 1. Range of Selected Rockets and Mortars Fired from the Gaza Strip .....	4
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http://wikileaks.org/wiki/CRS-R40101

## **Tables**

Table 1. Defense Budget Appropriations for U.S.-Israeli Short-Range Missile Defense:  
FY2006-FY2009 ..... 16

Table 2. U.S. Appropriated Funds Directed to Palestinians (June 2007-December 2008)..... 17

## **Contacts**

Author Contact Information ..... 20

<http://wikileaks.org/wiki/CRS-R40101>

# Introduction: Israel's 2008-2009 Gaza Campaign<sup>1</sup>

## Overview: Outbreak of Conflict

On December 27, 2008, Israel launched an extensive military campaign dubbed “Operation Cast Lead” against the Palestinian Islamist militant group Hamas in the Gaza Strip in order to counter Palestinian rocket fire and, more broadly, to significantly weaken all aspects of Hamas rule in Gaza. Initially, coordinated Israeli air strikes against pre-selected targets took Hamas by surprise, as the operation was timed to coincide with a meeting of its leadership as well as a graduation ceremony of hundreds of new Hamas police cadets. In addition to Hamas weapons caches and military facilities, Israel has targeted other symbols of Hamas’s infrastructure that it believes have been used to advance military objectives, including a mosque, the Islamic University of Gaza, Hamas’s *Al Aqsa* television station, and a network of smugglers’ tunnels along the border with Egypt. Israeli air strikes have killed senior Hamas militants, including Shaykh Nizar Rayyan, described by Israeli media sources as one of Hamas’s top-five decision-makers and its top clerical authority—both the religious leader of Hamas’s military wing (the Izz al Din al Qassam Brigades) and its liaison with Hamas’s political wing.

On January 3, 2009, Israel expanded its operations by beginning a ground offensive in Gaza—sending thousands of troops over Gaza’s northern border, along with tanks, armored personnel carriers, and artillery divisions. As of January 5, approximately 4,000 Israeli troops were in Gaza, reportedly seeking to take control of sites used for military purposes by Hamas and its allies. They have reportedly positioned themselves around Gaza City after taking control of Gaza’s main north-south highway, and there have been reports of fighting within Gaza City itself. Some observers believe that, by cutting off northward access, Israeli forces are seeking to choke off Hamas’s supply lines, preventing them from supplying their fighters with weapons and food smuggled into the south through tunnels from Egypt. As of January 5, Israeli air and naval strikes and ground forces had reportedly killed over 530 Palestinians (and wounded approximately 2,600 others), including hundreds of Hamas gunmen and over 100 Palestinian civilians, while five Israelis had been killed by Palestinian rockets and attempts to counter the ground invasion (and approximately 50 others had been wounded). Israeli officials also have said that several Hamas fighters have been taken into Israeli custody.

According to Israeli Defense Minister Ehud Barak and Mark Regev, spokesman for Prime Minister Ehud Olmert, Israel’s attacks are intended to deal Hamas a “severe blow,” ending its willingness and capability to launch rockets at Israeli towns and cities. Following the commencement of ground operations, Barak said, “This will not be easy or short. But we are determined.” Some speculate that Israel’s real goal may be to oust Hamas from Gaza completely, citing statements from leaders such as the following one made on January 2 by Vice Premier Haim Ramon on Israeli television: “What I think we need to do is to reach a situation in which we do not allow Hamas to govern.”<sup>2</sup> Palestinian rocket attacks on southern Israel have continued, and Hamas political chief Khaled Meshaal has pledged that “a dark fate will await” the Israelis as a result of their ground invasion. A senior Israeli military official said that the terrain in Gaza would

<sup>1</sup> This section was written by Jeremy M. Sharp, Specialist in Middle Eastern Affairs and Acting Research Manager, Middle East and Africa Section.

<sup>2</sup> Ethan Bronner, “Is the Real Target Hamas Rule?” *New York Times*, January 3, 2009.

be challenging because of obstacles and guerrilla tactics Hamas has prepared based on methods used by Hezbollah (the Lebanese Shia militant group whose summer 2006 war with Israel is regularly compared by observers to the conflict in Gaza).<sup>3</sup>

The intensification of Israeli military operations has led to heightened international pressure for an end to hostilities or a temporary cease-fire. Attention has also been called by some to what they characterize as a worsening humanitarian situation for the people of Gaza,<sup>4</sup> although Israel insists that it is not targeting Gaza's population at large—only Hamas—and that it plans to continue to allow Gazan civilians to receive necessary subsistence and medical care.

Prior to the start of Israel's campaign, experts had warned that a full-scale resumption of Israeli-Palestinian violence was imminent, as Egyptian mediation failed to extend the six-month cease-fire (*tahdiya* or calm) that expired on December 19, 2008. Each party felt as though the other was violating the terms of the original cease-fire. Hamas demanded—unsuccessfully—that Israel lift its economic blockade of Gaza, while Israel demanded—also unsuccessfully—a full end to rocket fire and progress on the release of Gilad Shalit, an Israeli corporal who has been in Hamas's captivity for more than two years.

Violence had already resumed in the waning days of the cease-fire. After an Israeli raid on November 4 (ostensibly aimed at preventing Hamas's use of tunnels to abduct Israeli soldiers), Palestinian rocket fire on Israel resumed with greater intensity. Some analysts speculated that the cross-border skirmishes and rocket fire that continued into December represented jockeying by both parties for more favorable renegotiating positions as the cease-fire's December 19 expiration approached.<sup>5</sup> On the 19<sup>th</sup>, Hamas issued a statement on its website that "The cease-fire is over and there will not be a renewal because the Zionist enemy has not respected its conditions." On December 24, approximately 60 rockets were fired into southern Israel from Gaza. The magnitude of this violation of Israeli airspace and territory—although it did not cause casualties—apparently prompted the Israeli leadership's decision to launch the December 27 air strike and larger offensive.

Although it appears that the timing of the conflict's outbreak was driven primarily by the end of the cease-fire, the fact that it occurred during the U.S. presidential transition and on the eve of Israeli elections scheduled for February 2009 (not to mention just two weeks before the possible, although disputed, expiration of Abbas's PA presidential term on January 9, 2009<sup>6</sup>) has led some observers to speculate that these political factors had at least partial influence on Israel's and Hamas's actions. In any event, it now appears likely that the fighting in and around Gaza could impact near-term political developments.<sup>7</sup>

<sup>3</sup> Sudarsan Raghavan, "Israeli Forces Push Deeper into Gaza Strip," *Washington Post*, January 5, 2009.

<sup>4</sup> Christopher Gunness, a spokesman for the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), has warned of current or imminent shortages of wheat flour, water, electricity, and fuel. Raghavan, "Israeli Forces Push Deeper into Gaza Strip," *op. cit.*

<sup>5</sup> See Karin Laub, "Analysis: Hamas, Israel Trying to Rewrite Truce," *Associated Press*, November 17, 2008.

<sup>6</sup> See "Middle East Politics: Prolonging Abu Mazen," *Economist Intelligence Unit*, November 28, 2008.

<sup>7</sup> The *New York Times* has written: "Many Middle East experts say Israel timed its move against Hamas, which began with airstrikes on Dec. 27, 24 days before Mr. Bush leaves office, with the expectation of [the Bush Administration's] backing in Washington. Israeli officials could not be certain that President-elect Barack Obama, despite past statements of sympathy for Israel's right of self-defense, would match the Bush administration's unconditional endorsement." Scott Shane, "Israel Strikes Before an Ally Departs," *New York Times*, December 29, 2008.

## Palestinian Rocket Attacks from Gaza: Threat Assessment and Israeli Responses<sup>11</sup>

Since 2001, several Palestinian terrorist groups based in the Gaza Strip have attacked communities in southern and coastal areas of Israel with thousands of indiscriminately fired rockets and mortars. During the second Palestinian *intifada* or uprising in 2001, Hamas militia members and others fired homemade mortars at Israeli settlements in the Gaza Strip and launched the first locally produced "Qassam" rockets, named after the early 20th century militant leader Shaykh Izz al Din al Qassam. Widely-available household ingredients, such as fertilizer, sugar, alcohol, and fuel oil, serve as propellants for the low-cost Qassam rockets, which are fabricated locally from scrap metal and pipes and armed with smuggled explosives. Teams of engineers, chemists, and machinists have improved the range and payload of the Qassam series rockets over time, and several individuals and facilities associated with rocket research and production operations have been targeted in Israeli military raids.

Since 2006, longer-range 122mm Grad rockets and 122mm Grad-style copies, often referred to as Katyushas, have expanded the range of Hamas and its allies beyond relatively small Israeli communities near the Gaza border, such as the town of Sderot (population est. 24,000), to the larger coastal cities of Ashqelon (population est. 120,000) and Ashdod (population est. 200,000) and to the Negev city of Beersheva (population est. 185,000). Similar mid-range rockets have been fired by Palestinian Islamic Jihad (Al Quds series) and the Popular Resistance Committees (Nasser series). A map showing the approximate range of various Gaza-based rockets and mortars appears as **Figure 1** on the next page.

Press reports allege that some 122mm rockets fired against Israel have been Grad-style copies made in Iran, while others have been Eastern-bloc editions modified to expand their range and lethality. The longer range Grad rockets are believed to be smuggled into the Gaza Strip via tunnels from Egypt. The approximately 7,000 rockets and mortars fired by Palestinians since 2001 have killed at least 18 Israelis and wounded dozens, while the persistent threat of rocket fire has had a broader negative psychological effect on Israelis living in targeted communities.<sup>8</sup> Some observers estimate that Hamas and other Gaza-based groups may have as many as 10,000 rockets at their disposal, up to a third of which may be Grad-style rockets.

In response to ongoing rocket attacks, Israel has invested millions of dollars in both passive and active defense measures, including an advance warning alert system known as 'Color Red', safe room construction programs in residential areas near Gaza, and the deployment of a new counter-rocket defense system known as 'Iron Dome'. In December 2008, the Israeli cabinet issued final approval for a three-stage plan to build reinforced security rooms in all 8,500 housing units within 2.8 miles of the Gaza Strip. The cost of the program is estimated to be over \$200 million.<sup>9</sup> Reports suggest that Israel has budgeted \$230 million for the development and procurement of the Iron Dome system; its rocket interceptor costs are estimated at \$45,000 each, with a total annual system deployment cost in areas around Gaza estimated at \$25 million. Some Israeli military officials and public figures reportedly favor the deployment of a less mobile, but potentially more cost effective directed laser system, based on the work of the joint Israeli-U.S. Tactical High Energy Laser (THEL) research program that was terminated in 2004.<sup>10</sup> For more detailed information on Israeli rocket defense measures, see "Defense Budget Appropriations for U.S.-Israeli Missile Defense Programs" below.

<sup>8</sup> Toni O'Loughlin and Hazem Balousha, "News: Air Strikes on Gaza," *The Observer* (UK), December 28, 2008; David Isby, "Effective anti-Qassam defence could be more than six years away," *Jane's Missiles and Rockets*, January 01, 2007.

<sup>9</sup> Herb Keinon and Yaakov Katz, "Cabinet okays rocket-protection for communities within range," *Jerusalem Post*, December 8, 2008; Yaakov Lappin and Dan Izenberg, "Barak wants government's okay to hit Gaza residential areas," *Jerusalem Post*, November 10, 2008.

<sup>10</sup> See Alon Ben-David, "Iron Dome advances to meet Qassam threat," *Jane's Defence Weekly*, March 17, 2008.

<sup>11</sup> This inset section was written by Christopher M. Blanchard, Analyst in Middle Eastern Affairs.

Figure I. Range of Selected Rockets and Mortars Fired from the Gaza Strip



**Source:** Map Resources, adapted by CRS. Data based on reporting by *Jane's Missiles and Rockets* and Israeli government statements to international media outlets.

**Notes:** All ranges listed for weapons are approximate and may vary based on launch sites and the characteristics of individual rockets, most of which are locally produced and some of which are modified from their original foreign designs.

## Can Israel Achieve Its Goals?

### Strategic Goals

Operation Cast Lead appears to have been planned well in advance. Some Israeli observers have suggested that although the military has unleashed a devastating series of bombings, neither toppling the Hamas regime nor permanently ending all rocket attacks is a realistic goal—even with the ground forces that have been inserted. Instead, observers suggest that Operation Cast

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Lead seeks to severely cripple all aspects of Hamas's presence in Gaza—military, economic, and cultural—so that it would take several years of rebuilding for Hamas to return to its pre-December 2008 strength. By temporarily disabling Hamas's military capacity, Israel could substantially ease the frequency and intensity of Hamas attacks in the months ahead as it prepares to deploy new, more sophisticated anti-rocket defense systems. With Gaza blockaded by land and sea, Israel has calculated that it would take Hamas significantly longer to rebuild than it took for Hezbollah after its war with Israel in 2006. A weakened Hamas may also be more susceptible to accepting terms of reconciliation offered by its Palestinian rival Fatah (the political movement currently headed by Mahmoud Abbas, who is both President of the Palestinian Authority (PA) and Chairman of the Executive Committee of the Palestine Liberation Organization (PLO)), which has been bolstered by international assistance and Israeli engagement over the past year.

## **Tactical Goals**

In order to exhaust Hamas, Israel may have to sustain its bombardment of Gaza and ground operations for several weeks. Some military experts have suggested that survival is Hamas's main goal, as the organization may try to retain some rocket capability until the fighting wanes. In anticipation of the Israeli ground incursion, there has been much speculation over the size and capabilities of Hamas's guerrilla army in Gaza. Experts have warned that if Hamas, like Hezbollah, possess a network of underground bunkers, anti-tank missiles, and shoulder-fired anti-aircraft missiles, it may be a formidable opponent for Israeli ground forces. Hezbollah has benefitted, however, from significant Iranian and Syrian weaponry and training; it is unclear whether Hamas has had the same level of external assistance, though Israel routinely accuses Iran of supplying Hamas weaponry. To date, Israeli ground forces do not appear to have met formidable resistance from Hamas fighters or prepared positions.

One complicating factor for Israel is time: the longer Operation Cast Lead runs without a definitive outcome in Israel's favor, the more pressure, both internal and external, will grow for a cessation of hostilities. Furthermore, the risk of unintended regional escalation, though it remains low, is always a possibility, as Palestinians in the West Bank or Hezbollah in Lebanon could respond to further Arab civilian casualties.

## **Long-Term Challenges**

While Israel may seek to take advantage of the time that it might take for a weakened Hamas to reconstitute its strength, the underlying political fundamentals may not change favorably in the aftermath of the current violence. Gaza's 1.5 million residents remain dependent on assistance and imports for their survival, and Israeli concessions to a weakened Hamas regarding the opening of border crossings might be interpreted as symbols of Hamas effectiveness in outlasting attacks to achieve Palestinian ends. The prospects for reconciliation between Hamas and Fatah, which many believe to be integral to effective peace negotiations, may be undermined by the selective targeting of Hamas and the passive acceptance of the Israeli offensive by Fatah, the PA, and the PLO (which is apparent despite their token opposition<sup>12</sup>).

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<sup>12</sup> A *Washington Post* column has asserted that Abbas's adviser Nimr Hammad told the Lebanese daily *Al-Akhbar*: "The one responsible for the massacres is Hamas, and not the Zionist entity, which in its own view reacted to the firing of Palestinian missiles." Robert J. Lieber, "Hard Truths About the Conflict," *Washington Post*, January 1, 2009.

## The Unraveling of the Israel-Hamas Cease-Fire<sup>13</sup>

The unraveling of the *tahdiya* or temporary cease-fire between Israel and Hamas that led to the December 2008 outbreak of violence in and around the Gaza Strip was not only a result of short-term tactical considerations by Israel and Hamas (see “Overview: Outbreak of Conflict” above), but reflective of the deeply-rooted dilemma posed by Hamas’s steady rise in influence over Israeli-Palestinian relations during the last 20 years and more recently in Gaza proper. Because of its militant, anti-Israel ideology and its acts of terrorism, Hamas has been politically and financially isolated by Israel, the United States, and other international actors—making any engagement with the organization, even through third parties, extremely difficult. Israel has repeatedly asserted that Hamas will remain in isolation until it renounces violence and, more importantly, recognizes Israel’s right to exist as a nation-state.

### Background of Hamas in the Gaza Strip

Since Hamas’s inception, it has maintained its primary base of support and particularly strong influence in the Gaza Strip, even though its current political headquarters is in Damascus, Syria. Hamas’s politicization and militarization can be traced to the *intifada* (“uprising” or “shaking off”) that began in the Gaza Strip in 1987 in resistance to the Israeli occupation. Hamas refuses to recognize the right of Israel to exist, refuses to renounce the use of violence, and refuses to consider itself bound by previous agreements reached by the PLO with Israel. For these reasons, the United States designated it as a Foreign Terrorist Organization in 1997, and U.S. aid to Palestinians has been tailored to bypass Hamas and Hamas-controlled entities.

Hamas’s victory in January 2006 Palestinian legislative elections set in motion a chain of events that has led to the current crisis. The refusal of the United States, the European Union, and much of the rest of the world to have direct dealings with or to give financial assistance to a Hamas-dominated PA cabinet led to a tense standoff that was only temporarily averted by a February 2007 Hamas-Fatah “unity agreement” brokered by Saudi Arabia. These tensions contributed to the factional fighting between Hamas and Fatah that led to Hamas’s forcible takeover of the Gaza Strip in June 2007. In response to the Hamas takeover, PA President Abbas dissolved the Hamas-led cabinet and appointed a “caretaker” technocratic PA government in the West Bank, leading to renewed U.S. and international assistance for the PA in the West Bank that prompted Hamas to tighten its grip on Gaza even further.

### The Cease-Fire and Its End

As the vulnerability of Israeli cities and towns near the Gaza border to mortar and rocket fire from an Hamas-controlled Gaza became clearer, Israel and Hamas indirectly agreed (via Egyptian mediation) to the six-month cease-fire in June 2008. In return for a moratorium on attacks, Hamas understood that Israel would open the Gaza border crossings to allow a flow of workers and goods. One ostensible aim of the cease-fire was to facilitate a prisoner exchange agreement—Israel’s release of a number of Palestinian prisoners in exchange for Hamas’s release of Israeli corporal Gilad Shalit. Yet, as discussed earlier in this report (see “Overview: Outbreak of Conflict” above), no such agreement was achieved.

<sup>13</sup> This section was written by Jim Zanotti, Analyst in Middle Eastern Affairs.

For the first five months, the cease-fire held relatively well. Some rockets were fired into Israel, but most were attributed to non-Hamas militant groups, and, progressively, Hamas appeared increasingly able and willing to suppress even these attacks. No casualties were reported (only minor property damage was incurred), and Israel refrained from retaliation.

Nevertheless, Israel cited the sporadic rocket fire as justification for keeping the border crossings and Gaza's seaport closed to nearly everything but basic humanitarian supplies. Hamas, other Arab leaders, and international organizations involved in aiding Gazan civilians complained that Israel was reneging on its promises under the agreement. Some in Israel believed that the pressure applied through a blockade on Gaza could squeeze Hamas from power by turning Gazans against the Islamist group, even though other observers asserted the exact opposite—that confining economically desperate people in Gaza would likely increase their dependence on Hamas. The nearly complete shutdown of the highly export-dependent Gazan economy<sup>14</sup> left Israel and its supporters open to charges that they were knowingly worsening the already-precarious situation of Gaza's population—one of the most densely concentrated (Gaza's 1.5 million people live within the territory's 146 square miles) and poorest in the world. The United Nations estimates that at least 70% of Gazans live below the poverty line.

Many believe that, all along, both sides considered the temporary cease-fire to be merely an opportunity to prepare more fully for eventual conflict. Accounts of Hamas's military buildup and its use of tunnels from Egypt's Sinai Peninsula for smuggling weapons, and reports describing how Israel devised plans for the Gaza offensive, support this argument. Some commentators have said that giving up on the cease-fire was in both sides' interests—asserting that Hamas wanted to reclaim the mantle of “heroic resister” in order to reverse recent erosions in its popularity among Palestinians since its takeover of Gaza, while Israeli leaders wanted to prove their ability to defend Israeli citizens on the eve of national elections.<sup>15</sup>

## Regional and International Response<sup>16</sup>

The world response to the Gaza crisis has been characterized by consistent calls for an end to the violence and by concern over the humanitarian situation in Gaza. Protests broke out in numerous Middle Eastern capitals, and the Arab media has continuously aired footage of casualties in Gaza. The crisis also has exacerbated existing tensions between countries in the region with a relatively pro-Western orientation—like Egypt, Jordan, and Saudi Arabia—and other countries and non-state actors—like Iran, Syria, and Hezbollah. European and other Western countries have generally faulted Hamas for starting the current crisis but some, like France, also have criticized the Israeli response as disproportionate.

<sup>14</sup> The Palestinian Federation of Industries estimates that 98% of Gaza's industrial operations are now inactive. See The World Bank, *Palestinian Economic Prospects: Aid, Access and Reform: Economic Monitoring Report to the Ad Hoc Liaison Committee*, September 22, 2008.

<sup>15</sup> Daoud Kuttab, “Has Israel Revived Hamas?” *Washington Post*, December 30, 2008.

<sup>16</sup> This section was written by Casey L. Addis, Analyst in Middle Eastern Affairs.

## Middle East

Regional responses to the conflict have consistently condemned the Israeli air campaign and ground invasion as “disproportionate” and tantamount to a “massacre” of Palestinians in Gaza. Governments as well as other regional leaders have issued statements criticizing the attack. For example, Grand Ayatollah Ali Al Sistani, the prominent Iraqi Shia cleric, condemned the attacks as “barbaric.” Iranian President Mahmoud Ahmadinejad and Syrian President Bashar al Asad called the Israeli campaign “outrageous aggression.”<sup>17</sup>

There were more moderate reactions. In a joint press conference, the Egyptian and Turkish foreign ministers urged both parties to stop attacks and called for Palestinian reconciliation. They also focused attention on humanitarian needs in Gaza. Contrary to the views of its own citizenry and some of its parliament members, the Jordanian government also has taken a more tempered position, though King Abdullah II has condemned the attacks and called on Israel to halt all military actions in Gaza.

In addition to condemning Israel, some regional voices are criticizing certain Arab governments. These criticisms reflect existing intra-Arab and Sunni-Shia fault-lines. As protests have broken out across the region and as Arab media outlets have run footage from Gaza, Hezbollah, Syria, and Iran have charged moderate Arab governments of complicity in the attacks because of their inaction. In particular, the Egyptian government faces increasing criticism for its refusal to open the Rafah border crossing (which links Egypt with Gaza) for humanitarian aid. See “Mounting Pressure on Egypt” for a more detailed discussion of the criticism against Egypt.<sup>18</sup>

## International Community

The international community outside the Middle East has expressed concerns about the humanitarian situation in Gaza but has generally placed the blame for the current violence squarely with Hamas. Nevertheless, all parties have called for an end to or, at the very least, a de-escalation of the violence.

## United States

The United States has joined the international community in calls for a cease-fire but maintains that Israel is justified in retaliating against Hamas’s attacks. In a State Department press release, Secretary Condoleezza Rice said that the United States “strongly condemns” rocket attacks against Israel and “holds Hamas responsible” for breaking the truce and for the renewal of violence. The statement also called upon all concerned to address the humanitarian needs of the people in Gaza.

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<sup>17</sup> U.S. Open Source Center (OSC) Document—GMP20081229950075—“World Leaders Call for Calm in Gaza Conflict,” December 29, 2008.

<sup>18</sup> U.S. Open Source Center (OSC) Document—GMP20081229869001—“Saudi Clerics Urge Support for Gazans, Egypt to Keep Rafah Crossing Open,” December 29, 2008.

## Europe

The European Commission called for an “immediate halt to military hostilities” and demanded that Hamas stop firing rockets into Israel.<sup>19</sup> Among European Union (EU) member states, however, the responses have been somewhat varied. As 2008 was ending, France held the rotating EU presidency, and, as mentioned above, lamented both Hamas’s rocket attacks and the magnitude of Israel’s response. French President Nicolas Sarkozy expressed “grave concern” and urged an immediate end to the fighting. He also unsuccessfully called for a 48-hour humanitarian cease-fire to facilitate the movement of aid into Gaza. Yet, the new year brought the Czech Republic into the EU presidency, and Czech Foreign Minister Karel Schwarzenberg has more explicitly supported Israel’s right to defend itself. Among other prominent EU member states, Germany “clearly and exclusively” blamed Hamas, called for a political solution and de-escalation of the conflict, and admonished Israel to avoid civilian casualties. As the week of January 5 began, Sarkozy and a delegation led by Schwarzenberg and EU foreign policy chief Javier Solana were in the region in an attempt to find a diplomatic solution to the violence.

## United Nations

Libya, a United Nations Security Council (UNSC) member, called for a special session of the UNSC after the Israeli air strikes began. The UNSC met on December 28 and issued a statement expressing “serious concern” over the situation in Gaza and calling for an “immediate halt to all violence.” Commentators have called the statement “weak” and “bland,” speculating that the threat of veto from one or more of the five permanent members of the UNSC prevented the language from being stronger.<sup>20</sup> The statement also included a call for expanded humanitarian assistance to the people in Gaza. Libya also has called for a UNSC session to consider a formal resolution calling for an end to the fighting. According to the *Washington Post*, a stronger UNSC statement urging an immediate cease-fire was blocked on January 4 by the United States.<sup>21</sup>

## Humanitarian Aid Response

On December 28, the Kerem Shalom crossing from Israel into Gaza was opened solely to allow the transport of food and medical supplies. A situation update from the Israeli Embassy on December 29 stated that Israel permits the entry of humanitarian assistance into Gaza and will continue to do so.<sup>22</sup> According to Israeli reporting, about 180 trucks bearing medical supplies, basic food commodities and other humanitarian goods from Jordan, Egypt and other countries, as well as 10 ambulances, were transferred into the Gaza Strip through the Kerem Shalom crossing from December 28 to December 30. The United States announced an additional contribution to the United Nations Relief and Works Agency for Palestinian Refugees in the Near East (UNRWA) on December 30 (see “Humanitarian Aid (UNRWA) and Other Economic Assistance”

<sup>19</sup> Griff Witte and Sudarsan Raghavan, “Israel Rejects Truce, Presses on With Gaza Strikes,” *Washington Post*, December 30, 2008.

<sup>20</sup> Thalif Deen, “Security Council Mildly Rebukes Israel’s Gaza Attacks,” *Inter Press Service News Agency*, December 30, 2008.

<sup>21</sup> Raghavan, “Israeli Forces Push Deeper Into Gaza Strip,” *op. cit.*

<sup>22</sup> Email update from Embassy of Israel, Washington, DC—“Humanitarian Aid to Gaza,” December 29, 2008.

below).<sup>23</sup> France and the European Union have also pledged to increase humanitarian aid to Gaza.<sup>24</sup>

## Possible Consequences of the Gaza Campaign<sup>25</sup>

### Effect on the Arab-Israeli Peace Process

#### In General

Some observers maintain that the impact of the fighting in and around Gaza and the resulting casualties, damage to infrastructure, loss of goodwill, and regional uncertainty could completely change the dynamics on which the Arab-Israeli peace process have been based, making progress at best unpredictable and at worst unattainable for months or years.<sup>26</sup> Although the Israeli-PLO negotiations formally initiated by the U.S.-sponsored Annapolis Conference in November 2007 did not lead to a peace agreement by the end of 2008, prior to the outbreak of violence many observers speculated that the incoming administration of Barack Obama might seek to capitalize on the momentum from Annapolis to encourage further Israeli peace negotiations with both the PLO and Syria. Among the determinants of the amenability of a post-conflict situation to a reprise of the peace process, the most important may be: how long the conflict lasts and how it ends, its intensity, the degree to which the respective parties are characterized as aggressors, and the positions of various regional and international actors both during and after the conflict.

#### A Syria-Israel Peace Deal: Still in the Cards?<sup>27</sup>

Over the past year, speculation has been widespread over the prospect of a renewed Syria-Israel peace track, though it would appear that the latest round of fighting has tempered expectations for the short term. Syria has said that Israel's December attack "closed the door on the Syrian-Israeli indirect talks," which had been brokered by Turkey over the last several months.<sup>28</sup> With an incoming Obama Administration perceived as amenable to sponsoring Syria-Israel peace talks, some observers had hoped for a resumption in direct bilateral negotiations in 2009. Outgoing Prime Minister Ehud Olmert had recently traveled to Turkey to discuss the Syria track and, during Olmert's trip, Syrian President Bashar al Asad held a press conference where he stated that Syria and Israel are "now laying the foundations" for peace through their indirect talks. Nonetheless, most observers believe that, ultimately, the results of Israel's February elections will determine the direction of Syria-Israel peace talks. Should the more hawkish Likud party score a decisive

<sup>23</sup> "U.S. Says Will Give \$85 Million to Help Palestinians," *Reuters*, December 30, 2008

<sup>24</sup> Ethan Bronner and Taghreed El-Kodary, "On the Fourth Day of the Gaza Battle, No End in Sight," *New York Times*, December 31, 2008.

<sup>25</sup> This section was written by Jim Zanotti, Analyst in Middle Eastern Affairs, except where otherwise specified.

<sup>26</sup> For more information on the Arab-Israeli conflict and peace process, see CRS Report RL33530, *Israeli-Arab Negotiations: Background, Conflicts, and U.S. Policy*, by Carol Migdalovitz; and CRS Report R40092, *Israel and the Palestinians: Prospects for a Two-State Solution*, by Jim Zanotti.

<sup>27</sup> This subsection was written by Jeremy M. Sharp, Specialist in Middle Eastern Affairs and Acting Research Manager, Middle East and Africa Section.

<sup>28</sup> Some experts note that those talks had already been suspended in anticipation of Israeli elections and a new U.S. administration.

victory in February, its rise to power and the tense climate over Gaza may combine to stall negotiations for the near term.

## Mounting Pressure on Egypt<sup>29</sup>

Outside the immediate theater of war, the Gaza conflict has posed a challenge for Egypt's policy toward Hamas. Egypt's northern Rafah border crossing to Gaza remains mostly sealed, thereby directly reinforcing Israel's own closure of the Gaza Strip. As mentioned briefly earlier in this report (see the "Middle East" subsection under "Regional and International Response" above), Palestinians, the wider Arab world, and Egyptian citizens themselves all have accused the Mubarak government of colluding with Israel to the detriment of Palestinian civilians. On December 28, Hezbollah chief Hassan Nasrallah said:

We are facing a partnership [with Israel and the USA] by some Arab states, and complicity by some other Arab states concerning the events in our region.... go out to the streets...open this [Egypt-Gaza] crossing [at Rafah] with your bare chests.... I am for the generals and the officers to go to the political leadership, saying: the honor of our military uniform.... does not allow us to see our kinsfolk in Gaza being slain while we guard the borders with Israel."<sup>30</sup>

The Egyptian government has responded by asserting that Hamas itself is to blame for the failed cease-fire, as one pro-government editorial suggested that "If you can't kill the wolf, don't pull its tail."<sup>31</sup> Although Egypt has officially called on Israel to stop, not to widen, its military operations, President Hosni Mubarak stated that the Rafah border will remain closed until Palestinian Authority forces loyal to PA President Mahmoud Abbas, not Hamas, can be deployed along the Egypt-Gaza border. Egypt's state-owned media have responded vigorously to the charges of collusion with Israel, simultaneously condemning Israel for its attacks and chastising Hamas for irrationality and for the death of an Egyptian border guard in armed clashes with Palestinians.<sup>32</sup>

Since Israel's withdrawal from Gaza in 2005, Egypt has been placed in a difficult position vis-à-vis Hamas. On the one hand, it has attempted to serve as an intermediary between Hamas and Israel and to broker Hamas-Fatah unity negotiations. On the other hand, the Mubarak government, unlike many of its own citizens, does not sympathize with Hamas and wants to keep it isolated but, because of domestic political considerations, is sensitive to accusations that Egyptian policy is tantamount to the collective punishment of Gazan civilians. In addition, the secular Mubarak regime is opposed to Islamists wielding real political power, and it fears that Hamas could serve as a model for Egyptian Muslim Brotherhood activists who may yearn for an Iranian-style revolution in Egypt.

<sup>29</sup> This subsection was written by Jeremy M. Sharp, Specialist in Middle Eastern Affairs and Acting Research Manager, Middle East and Africa Section.

<sup>30</sup> Caversham BBC Monitoring, "Egyptians Condemn Hezbollah Leader as 'Little Ayatollah' Over Gaza Remarks," *Open Source Center*, December 30, 2008, Document ID# GMP20081230950091.

<sup>31</sup> "Egyptian paper: Hamas leaders partially responsible for Gaza assault," *Ha'aretz*, December 29, 2008.

<sup>32</sup> Nona el Hennawy, "Egypt: Under a torrent of Gaza anger, Cairo defends itself," *Los Angeles Times Online*, December 30, 2008. Available at: <http://latimesblogs.latimes.com/babylonbeyond/2008/12/egypt-media-cam.html>

## A Third Intifada?

The more that the Israeli offensive is perceived to target Gaza's population, rather than focusing solely on extinguishing the threat Israel faces from Hamas and other Palestinian militants, the greater the possibility that Palestinians in Gaza and the West Bank might decide to rise up in opposition. Another *intifada* has been called for by Damascus-based Hamas political chief Khaled Meshaal and endorsed by Lebanese Hezbollah leader Hassan Nasrallah. It could have wide-ranging consequences for Israelis and Palestinians and for prospects of Arab-Israeli peace, with possible ripple effects throughout the Middle East. On the other hand, it is possible that West Bank Palestinians may calculate that they have more to gain from remaining on the sidelines.

## Why, Where, and How Could an Uprising Occur?

Given the complex and in some sense inextricable relationship between Hamas and the general population of Gaza (Hamas uses several social and charitable organizations for support and civilian cover) and the difficulties of precision warfare within Gaza's densely-populated urban geography, narrowing the focus of Israeli strikes to avoid popular Palestinian condemnation may not have been possible in any event. Israeli air strikes have killed dozens of civilians (including young children) in such places as the Jabalya refugee camp and a bus stop just outside a United Nations training center for youth,<sup>33</sup> and have caused extensive damage to mosques and to the Islamic University in Gaza City (which Israeli officials claim have been used to advance Hamas military goals). Widespread outrage over Gazan civilian casualties and damage to cultural institutions, which may exacerbate Palestinians' existing resentment of the perceived injustice and futility of their situation, could provoke angry and possibly violent responses—ranging from political demonstrations and civil disobedience to suicide and rocket attacks—from Palestinians, even those not directly targeted or affiliated with militant groups. A drawn-out invasion and occupation, which could be the end result of the ground attack, might lead to still greater Palestinian willingness to retaliate.

A step-up in Israeli security measures over recent years—including the construction of a separation barrier (still ongoing) that roughly tracks the 1949 “Green Line” separating Israel from the West Bank (even though it cuts deeply into the West Bank at various points—claiming 8-10% of West Bank territory)—might make it harder for Palestinians to carry out sophisticated, large-scale attacks within Israel. Yet, Israeli Arabs and Palestinian Jerusalemites have shown that impromptu knife attacks and vehicular hit-and-runs can also create fear and anxiety among Israelis.

A new wave of popular Palestinian resistance could have the opposite effect from the one Israel ostensibly intended when it launched the Gaza offensive—possibly strengthening rather than weakening Hamas and other Islamist militant groups (such as Palestinian Islamic Jihad (PIJ), another U.S.-designated Foreign Terrorist Organization) relative to Fatah not only in Gaza, but also in the West Bank. The dismantlement of Fatah-affiliated militias, such as the Al Aqsa Martyrs' Brigades in the West Bank, over the past year and a half (in association with various PA amnesty and reform programs) could lead to a surge in Hamas and PIJ (which have apparently resisted dismantlement by lowering their profiles) membership in the West Bank, as angry

<sup>33</sup> However, Georgetown professor of international affairs Robert J. Lieber asserts that the casualty ratio (apparently more than 80 Hamas security personnel killed for every 20 civilians killed) “might compare favorably with the use of force by U.S. and NATO troops in Afghanistan.” Lieber, *op. cit.*

Palestinians searching for outlets for retaliation against Israel are less likely to find realistic secular alternatives.

If the clamor for resistance against Israel grows, pressure could build on Abbas and other Fatah, PA, and PLO leaders to support it or be branded as collaborators with Israel. After all they have invested in peaceful engagement with Israel and the international community, though, it seems unlikely that Abbas and his associates would back a new *intifada*. Doing so would risk destroying their opportunity to pursue a peace process once the fighting ends. This “no-win situation” for Abbas gives Hamas an opportunity to broaden its appeal by insisting to Palestinians that both the Gaza offensive and the failure to reach peace with Israel within the timeline set at Annapolis show that the PA strategy of peaceful engagement plays into the hands of an Israel that seeks to weaken the Palestinians by sowing division through the false hope of a future state.<sup>34</sup>

### What Might the PA Security Forces Do?

How might the Palestinian Authority’s security forces in the West Bank respond to an onset of popular resistance? Could there be a repeat of what happened during the second *intifada*, when many Palestinian security force personnel turned their guns on Israel and helped lead armed attacks? Or might the current PA forces—whose recruitment, training, reform, protection, and deployment have been supported by the United States, the European Union, and other international sponsors—provide a decisive check against having the resentment fueled by the current violence escalate in the West Bank, despite charges from their fellow Palestinians that they are Israeli collaborators? The PA forces are being put to the test right now, as they are being tasked with making sure that West Bank demonstrations in response to the violence in and around Gaza do not spiral out of control.

Lt. Gen. Keith Dayton, the U.S. Security Coordinator for the West Bank, says that the transformation and professionalization of the PA security forces—marked by months of rigorous training for special “gendarmierie-style” battalions and their leaders—have made them far less likely to slip into factional conflict than their predecessors.<sup>35</sup> There is nearly universal consensus—in Israeli, Palestinian, and international circles—that the level of competence and professionalism of these newly-trained PA forces far outpaces that of their predecessors, particularly those from the bygone era of Yasser Arafat.

Yet, some observers question whether the improvements are sufficiently decisive. It is possible that undisciplined elements in the security forces could contribute to one or more incidents that fan the flames of conflict. Thus far, however, the discipline of the PA security forces in the West Bank has held. A senior Western official in the region has told CRS that the forces “have performed exceptionally. They have been tough while still allowing non-violent rallies and demonstrations.”

<sup>34</sup> “Gaza Raids Boost Hamas, Undermine Abbas on Palestinian Street,” *Agence France Presse* (with the *Daily Star* (Beirut)), January 1, 2009. A Hamas spokesman has even accused Abbas of “having formed a secret cell of Fatah supporters in Gaza to collect information on the whereabouts of Hamas leaders,” with the intention of giving this information to the Israeli military. Griff Witte, “Israel’s Attacks on Gaza Deepen Palestinian Rift,” *Washington Post*, January 1, 2009.

<sup>35</sup> Interview of Lt. Gen. Keith Dayton by David Horovitz, “This Time, It Will Be Different,” *Jerusalem Post*, December 11, 2008.

Despite signs of greater unit cohesion and national (as opposed to factional) loyalty among the PA forces than before, some argue that the forces' future actions are likely to depend at least partly on how they are used. Although they might currently be motivated to follow orders and to perform their jobs professionally, if the forces perceive that they are being asked to serve as "Israel's cops" or to advance some other individual, factional, regional, or international power agenda, instead of to serve as key building blocks for a future Palestinian state, their loyalties could change.

## Implications for U.S. Policy and the 111<sup>th</sup> Congress<sup>36</sup>

### The Incoming Obama Administration

#### From Proactive to Reactive

During his campaign and presidential transition, U.S. President-elect Barack Obama and his foreign policy advisors have indicated an interest in proactively engaging in the Arab-Israeli peace process as part of a strategy to advance U.S. interests and improve stability throughout the Middle East. The Israeli offensive in Gaza, however, could put Obama's incoming administration in a more reactive position.

Obama and his advisors will likely be compelled to address the Gaza situation directly, either in connection with efforts to bring an end to the violence or to provide a sustainable post-conflict order that guarantees Israel's security, deals with Palestinian political realities (including the role of Hamas), and attends to the needs of the population in Gaza. Possible approaches to this situation are discussed below (see "Conclusion: Addressing the Gaza Conundrum").

#### Public Diplomacy Challenges

Many have anticipated that Obama's skills at communicating could help improve the U.S.'s image abroad, particularly among Middle Eastern Muslims. One of Obama's much-noted plans is to give a speech in the Muslim world early in his presidency to—in his words—"reboot" U.S. relations with the Arab and Muslim worlds by speaking of shared interests and values.<sup>37</sup>

The fighting in and around Gaza, however, may have preempted Obama's public diplomacy plans to some degree. Veteran U.S. Middle East peace negotiator Aaron David Miller has asserted that the "violence would speak louder to many Muslims about the United States 'than any words Obama could utter.'"<sup>38</sup> Moreover, the Israeli leadership has used Obama's own words to imply approval of Israel's actions. While describing the objectives of the Gaza offensive in a December 29 address before the Knesset, Israeli Defense Minister Ehud Barak reminded his listeners that during Obama's campaign trip to the southern Israeli city of Sderot—one of the prime targets for

<sup>36</sup> This section was written by Jim Zanotti, Analyst in Middle Eastern Affairs.

<sup>37</sup> Howard LaFranchi, "Obama Plans Major Speech in Muslim World to 'Reboot' America's Image Abroad," *Christian Science Monitor*, December 11, 2008.

<sup>38</sup> Paul Richter, "What Now for Obama's Peace Plan?" *Chicago Tribune*, December 29, 2008.

rockets from Gaza—he said that “if rockets were being fired at his home while his two daughters were sleeping, he would do everything he could to prevent it.”

Despite possible difficulties posed for U.S. public diplomacy, the worldwide attention the Gaza conflict has attracted could present an opportunity for President-elect Obama at the outset of his administration to rally support for his desired approach to Israeli-Palestinian issues. In his first weeks and months in office, Obama will probably deliver at least three speeches of potential worldwide import (his inaugural, his first State of the Union, and the Muslim world address) in which he may clarify U.S. intentions regarding the situation and frame his approach. Obama’s challenge will be to enunciate his approach clearly and to make the larger case that the approach is in the best interests of the American public and other interested stakeholders in the Middle East and worldwide. Doing so might compel Obama to explain the interests he seeks to prioritize and the assumptions underlying his priorities. On the other hand, President-elect Obama might choose to downgrade the peace process entirely, calculating that the Israeli-Palestinian conflict is too intractable for his incoming administration to overcome.

## Possible Options for the Incoming 111<sup>th</sup> Congress<sup>39</sup>

### Defense Budget Appropriations for U.S.-Israeli Missile Defense Programs<sup>40</sup>

Although Israel’s Operation Cast Lead is designed to thwart Palestinian rocket fire, over the long term, Israel has recognized that it will require new missile defense systems capable of knocking out short range projectiles. The Israeli government has sought U.S. assistance not only in countering long-range ballistic missile threats, but also in co-developing short-range missile defense systems to thwart rockets fired by non-state groups, such as Hamas and Hezbollah.

Congress and successive administrations have shown strong support for joint U.S.-Israeli missile defense projects. U.S.-Israeli missile defense cooperation has perennially been authorized and appropriated in the defense authorization and appropriations bills. P.L. 110-329, the FY2009 Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, provides a total of \$177.2 million for U.S.-Israeli missile defense programs, a \$58 million increase over the President’s FY2009 request.

### *Iron Dome*

As mentioned earlier, Israel is currently developing a short-range system, dubbed “Iron Dome,” to destroy crude, Palestinian-made rockets fired by Palestinian militants in the Gaza Strip.<sup>41</sup> Iron

<sup>39</sup> This section was written by Jim Zanotti, Analyst in Middle Eastern Affairs, except where otherwise specified.

<sup>40</sup> This subsection was written by Jeremy M. Sharp, Specialist in Middle Eastern Affairs and Acting Research Manager, Middle East and Africa Section.

<sup>41</sup> Within the Israeli defense establishment, there is debate over how effective the Iron Dome system will be in protecting Israeli cities and towns from Qassam and Grad-style Katyusha rocket attacks fired from the Gaza Strip. Some Israeli defense experts assert that Iron Dome kinetic interceptors will take too long to destroy crude rockets fired from close range to Israeli towns such as Sderot. Reuven Pedazur, an Israeli expert in ballistic missiles, claims that each Tamir missile fired from the Iron Dome system will cost \$100,000, while a system based on laser beam interception, would cost between \$1,000 and \$3,000 per strike. Nevertheless, Israeli officials argue that solid laser technology needs more time to develop. See, “Rocket, Missile Shields in Works; Iron Dome, David’s Sling eye attacks from Gaza, Lebanon, Iran,” *Washington Times*, August 8, 2008. According to one source, “Neither the missile interceptors nor the (continued...)”

Dome, which is expected to be deployed in 2010 at a development cost of \$215 million, is designed to intercept very short-range threats up to 40 kilometers in all-weather situations. It is being developed by Rafael Advanced Defense Systems.

Reportedly, the Israeli government may be seeking U.S. assistance in financing the Iron Dome system. According to one Israeli defense official, "We're not just looking for funding assistance, although that is extremely important for us. We've offered the Americans to join as full participants and to use the system to defend their troops and assets around the world.... We're hopeful that after careful examination of the data and the system's capabilities, that they'll decide to join the program."<sup>42</sup>

### *David's Sling*

David's Sling (a.k.a. Magic Wand) is a short/medium-range system designed to counter long-range rockets and cruise missiles, such as those possessed by Hezbollah in Lebanon, fired at ranges from 40 km to 300 km. It is being jointly developed by Israel's Rafael Advanced Defense Systems and Raytheon. The system is expected to be operable by 2010. P.L. 110-329 provides \$72.8 million for a short-range missile defense program.

In August 2008, Israel and the United States officially signed a "project agreement" to co-develop the David's Sling system. According to Lt. Gen. Henry Obering, director of the U.S. Missile Defense Agency, "We wanted a truly co-managed program because the United States will be very interested in this for our own purposes.... The agreement we just signed allows us to work through specific cost-sharing arrangements and other program parameters."<sup>43</sup>

**Table 1. Defense Budget Appropriations for U.S.-Israeli Short-Range Missile Defense: FY2006-FY2009**

\$ in millions

Program	FY2006	FY2007	FY2008	FY2009	Total
David's Sling	\$10.0	\$20.4	\$37.0	\$72.895	\$140.295

(...continued)

lasers will provide 100-percent coverage, which is why they will have to both be in use." See, "Defense Officials View Laser as Future of Anti-Missile Technology, *Ha'aretz*, March 24, 2008

<sup>42</sup> "U.S. Eyes Joint Anti-Rocket Effort With Israel; Mulls \$200M Investment To Speed Iron Dome," *Agence France Presse*, June 9, 2008.

<sup>43</sup> "U.S.-Israel To Develop David's Sling Missile Defense," *DefenseNews.com*, August 7, 2008.

## Humanitarian Aid (UNRWA) and Other Economic Assistance<sup>44</sup>

The United States is the largest single-state donor to the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), which provides food, shelter, medical care, and education for many of the original refugees from the 1947-1949 Arab-Israeli war and their families—now comprising approximately one million Palestinians in the Gaza Strip and three million other Palestinians in the West Bank, Jordan, Syria, and Lebanon. In response to the fighting in Gaza, the State Department announced on December 30 that it was contributing \$85 million in emergency assistance to UNRWA—\$60 million to the general fund, \$25 million to a special “emergency appeal” fund for the West Bank and Gaza—on top of the approximately \$185 million the United States had already contributed to UNRWA in 2008.

Depending on the damage incurred from the fighting in Gaza, Congress could face additional requests for FY2009 appropriations to the State Department accounts from which UNRWA contributions are made to accommodate the humanitarian needs of the refugee-heavy Gaza population. A proposal for continued or increased aid to UNRWA could meet with increased scrutiny if there is a perception that resources from UNRWA or other international organizations were used (with or without organizational complicity) to strengthen Hamas or to repel Israeli military operations in Gaza.<sup>45</sup>

Independent from its UNRWA contributions, the United States has provided substantial economic and development assistance to the West Bank and Gaza (approximately \$239.5 million in FY2008), and it could be asked to increase such assistance as a supplement or substitute to its UNRWA contributions and to aid post-conflict reconstruction and development in Gaza (and/or to the West Bank if fighting erupts there). Currently, economic assistance to the West Bank and Gaza is subject to prohibitions on aid to Hamas or Hamas-affiliated organizations.

<sup>44</sup> For more information on all U.S. assistance figures listed in this subsection (including in **Table 2**) and the next subsection, see CRS Report RS22967, *U.S. Foreign Aid to the Palestinians*, by Jim Zanotti. See also “PA Receives \$150 Million from US,” *jpost.com*, October 22, 2008.

<sup>45</sup> See H.R. 2712 (United Nations Transparency, Accountability, and Reform Act of 2007) from the 110<sup>th</sup> Congress, Sec. 309 (“Limitations on United States Contributions to UNRWA”), as an example of legislation that has been proposed to limit contributions to UNRWA (Referred to House Committee on Foreign Affairs, June 14, 2007). See also H.Con.Res. 428: “Expressing the sense of Congress that the United Nations should take immediate steps to improve the transparency and accountability of the United Nations Relief and Works Agency for Palestinian Refugees (UNRWA) in the Near East to ensure that it is not providing funding, employment, or other support to terrorists” (Referred to House Committee on Foreign Affairs, September 24, 2008); and H.Res. 939: “Condemning the glorification of terrorism and the continuing anti-Israel and anti-Semitic rhetoric at the United Nations” (Referred to House Committee on Foreign Affairs, January 23, 2008).

**Table 2. U.S. Appropriated Funds Directed to Palestinians (June 2007-December 2008)**

\$ in millions

<b>Budgetary Aid to Palestinian Authority</b>	<b>\$300.0</b>
<b>Other Economic &amp; Development Assistance</b>	<b>\$267.5</b>
<b>Security Assistance to PA Forces</b>	<b>\$161.3</b>
<b>TOTAL</b>	<b>\$728.8</b>

**Source:** U.S. Department of State.

**Notes:** Amounts used for security assistance were appropriated or reprogrammed to the International Narcotics Control and Law Enforcement account; all other amounts were appropriated to the Economic Support Fund account; contributions to UNRWA (which come from the Migration and Refugee Assistance and Emergency Refugee and Migration Assistance accounts) are not included; all amounts are approximate.

Additionally, the United States has transferred \$300 million directly to the West Bank-based Palestinian Authority in the past calendar year in order to help the PA meet its budgetary obligations to pay employee salaries—the primary engine for an economy that boasts of little private sector activity or foreign investment. Current law forbids the PA to use U.S. budgetary transfers for the payment of PA salaries in Gaza. If the PA regains control over Gaza in the aftermath of the current conflict, however, there might be calls for Congress to lift this restriction and perhaps increase direct budgetary aid to the PA to accommodate the increased expenses the PA may incur as it reestablishes itself in Gaza. Conversely, if the PA's control slips in the West Bank or it is seen as participating in or endorsing violence from the West Bank against Israel as a result of popular discontent from the current fighting in and around Gaza, there could be calls for Congress to cut or cease aid to the PA and further limit economic assistance to the West Bank and Gaza.

### **U.S. Security Assistance to the Palestinian Authority**

The outcome of the fighting in and around Gaza could be crucial in determining the future of current U.S.- and internationally-sponsored programs to help recruit, train, equip, house, manage, and reform PA security forces. Congress might ask whether the assumptions that justified security assistance to the PA in the West Bank before the conflict remain operative in its aftermath. How the PA security forces perform throughout the conflict (whether they handle their crowd control and public order duties competently and professionally and refrain from aggravating factional conflict and from attacking Israelis) could be particularly relevant, as could the words and actions of Abbas and other PA leaders.

Another important factor could be whether the Israelis remain open to the concept of gradually increasing the PA forces' freedoms of movement and of action that appear to be pivotal to the forces' continued development and assumption of responsibility over Palestinian-administered areas. If the conflict leads to renewed Israeli distrust of the PA forces, expectations for what is achievable with the forces could diminish from the earlier levels that led to \$161.3 million in U.S. appropriations since mid-2007. On the other hand, if the PA forces acquit themselves well during the Gaza conflict and/or find themselves entrusted with establishing and/or improving security in Gaza as well as in the West Bank, support from Israel and the Obama Administration for significantly expanded appropriations for the U.S. security assistance program could be forthcoming.

## **Conclusion: Addressing the Gaza Conundrum<sup>46</sup>**

### **Various Problems**

A major challenge for all parties will be to bring the conflict to an end and to reconstruct a sustainable order in its aftermath. This would have implications for Gaza's population and infrastructure, Israel's security, and Palestinian political realities (including the role of Hamas).

The Gaza crisis constitutes a conundrum for all involved. The desperate economic circumstances and living conditions of Gaza's 1.5 million residents—exacerbated by the sealing of all border

<sup>46</sup> This section was written by Jim Zanotti, Analyst in Middle Eastern Affairs.

crossings and the seaport blockade—have arguably provided a fertile breeding ground for Hamas and its militant anti-Israel ideology. Israel felt compelled to launch Operation Cast Lead to quell or minimize the threat from Hamas. Although the ground attack might endanger its rule in Gaza, Hamas may welcome it in hopes of miring Israeli forces in close-quarters combat to strip away Israeli advantages in technology and firepower and in hopes of heightening perceptions that Palestinians are being victimized.

Israel would like to avoid a drawn-out invasion and occupation of Gaza, but at the same time does not want to abandon the military operation without achieving its objectives for fear of having to go back into Gaza at a later date—perhaps under less favorable circumstances. Israel is also loath to accept a cease-fire or truce that gives Hamas the “victory” of having border crossings opened, even though some believe that if the crossings do not open (thereby facilitating commercial opportunities for Gazans), the devastation in Gaza is only likely to increase its people’s dependence on Hamas and decrease the chances that a long-term end to hostilities could be achieved.<sup>47</sup>

Questions have arisen and still linger. Can Israel reduce or eliminate Hamas’s capability and/or motivation to conduct attacks and to smuggle weapons and contraband? Is Israel likely to stop at this objective or might it seek Hamas’s ouster in Gaza? If Israel ousts Hamas, who will take over—Israel, the PA, some internationally-mandated authority? Assuming Israel does not wipe out Hamas, how do the two reach accommodation with the other while each saving face? How can Gaza’s economy be restored without enabling Hamas?

The most problematic issue is how various actors (particularly Israel, the Quartet, the PA, and other Arab/Muslim states) might deal with Hamas without conferring state-like legitimacy upon it and thus undermining the PA and Abbas. Thus far, leaders in the United States and Europe have favored isolating Hamas instead of engaging it, which has led Israel to seek third-party Arab/Muslim state brokers to help it reach indirect coexistence arrangements with Hamas. Hamas’s relationship with Egypt has deteriorated considerably in connection with the Gaza conflict and the November 2008 collapse of Hamas-Fatah unity talks. Other Western-allied Arab states, such as Saudi Arabia and Jordan, appear wary of getting too involved for fear of being double-crossed and of losing credibility with the “Arab street.” The emergence of Turkey and Qatar as regional interlocutors and the desire of France and other Europeans to become more active present some options going forward. The BBC reported on January 5 that an Hamas delegation might head to Egypt for talks.<sup>48</sup>

## Possible Ways of Reaching and Sustaining a Truce

Linking the cessation of violence in and around Gaza with international enforcement of a truce is possible. Depending on the status of Hamas when the conflict ends, an all-Arab/Muslim or other international peacekeeping force might be proposed to preside over Gaza in the conflict’s aftermath. There are, however, concerns over the practicality of such a proposal.<sup>49</sup>

<sup>47</sup> See Griff Witte and Sudarsan Raghavan, “‘All-Out War’ Declared on Hamas,” *Washington Post*, December 30, 2008.

<sup>48</sup> “Envoys Race to Halt Gaza Violence,” *BBC News Online*, January 5, 2009. Accessible at [http://news.bbc.co.uk/2/hi/middle\\_east/7810945.stm](http://news.bbc.co.uk/2/hi/middle_east/7810945.stm)

<sup>49</sup> Some observers believe that Arab countries, particularly Egypt, will not want to get too involved in Gaza for fear of ultimately becoming responsible for the territory and its residents, and that Israel might not trust the presence of Arab (continued...)

Organizing a broader regional security initiative to promote or enforce peace between the conflicting parties is also possible. This approach (which could involve the participation of a U.S. special envoy for Arab-Israeli peace) could call for a conference or dialogue among all relevant actors to handle the functional issues of reconstructing a post-conflict order. Whether such a forum includes Hamas, or at least certain Hamas political leaders based in Gaza (possibly including former PA prime minister Ismail Haniyeh) whom some believe might be willing to depart from Hamas orthodoxy under certain circumstances, could be a subject of debate among the United States, Israel, the PA, and the forum's other organizers.

## Author Contact Information

Jim Zanotti, Coordinator  
Analyst in Middle Eastern Affairs  
jzanotti@crs.loc.gov, 7-1441

Jeremy M. Sharp  
Acting Section Research Manager  
jsharp@crs.loc.gov, 7-8687

Casey L. Addis  
Analyst in Middle Eastern Affairs  
caddis@crs.loc.gov, 7-0846

Christopher M. Blanchard  
Analyst in Middle Eastern Affairs  
cblanchard@crs.loc.gov, 7-0428

<http://wikileaks.org/wiki/CRS-R40101>

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(...continued)

or Muslim troops so near its borders; whereas, Hamas might not accept the presence of Western troops in Gaza. See Herb Keinon and Yaakov Katz, "Livni to Discuss Cease-Fire with Sarkozy," *jpost.com*, January 1, 2009.