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Israel-Hamas-Hezbollah: The Current Conflict

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Summary

This report analyzes the current conflict between Israel and two U.S. State Department-designated Foreign Terrorist Organizations (FTOs), the Lebanese Shiite Muslim group Hezbollah and the radical Palestinian Hamas organization. On July 12, 2006, what had been a localized conflict between Israel and Palestinian militants in the Gaza Strip instantly became a regional conflagration after Hezbollah captured two Israeli soldiers in a surprise attack along the Israeli-Lebanese border. Israel has responded by carrying out air strikes against suspected Hezbollah targets in Lebanon, and Hezbollah has countered with rocket attacks against cities and towns in northern Israel. Fighting on the ground has also started. Meanwhile, Israeli clashes with Hamas and other Palestinian militants have continued unabated in the Gaza Strip.

The Bush Administration has repeatedly stated its unequivocal support for Israel during this time of crisis, and President Bush has charged that “the root cause of the problem is Hezbollah... And part of those terrorist attacks are inspired by nation states, like Syria and Iran.” Many in the international community have called for an immediate cease-fire, while U.S. officials refrained from backing this demand or engaging in immediate shuttle diplomacy while Israel conducts its extensive military campaign to weaken Hezbollah.

On July 18, 2006, the Senate passed S.Res. 534, which, among other things, calls for the release of Israeli soldiers who are being held captive by Hezbollah or Hamas; condemns the governments of Iran and Syria for their continued support for Hezbollah and Hamas; urges all sides to protect innocent civilian life and infrastructure; and strongly supports the use of all diplomatic means available to free the captured Israeli soldiers. On July 20, 2006, the House passed H.Res. 921, which also condemns Hezbollah’s attack on Israel and urges the President to bring sanctions against the governments of Syria and Iran for their alleged sponsorship of Hezbollah. H.Con.Res. 450 (introduced in the House) calls upon the President to appeal to all sides in the current crisis in the Middle East for an immediate cessation of violence and, among other things, commit United States diplomats to multi-party negotiations with no preconditions.

The extension of the Israeli-Palestinian conflict into the Lebanese arena has created a multifaceted crisis which cuts across a number of U.S. policy issues in the Middle East. This report not only discusses the current military situation, but its implications for regional stability, Syrian influence in Lebanon and calls for Lebanese independence, Iranian regional aspirations and its pursuit of weapons of mass destruction, and energy security. This report will be updated as events unfold. A number of CRS analysts have made contributions to this report. For additional questions, please contact the individual specialist listed under each section of the report. For more information on the major countries in the current conflict, please see CRS Report RL33476, *Israel: Background and Relations with the United States*; CRS Report RL33509, *Lebanon*; CRS Report RL33487, *Syria: U.S. Relations and Bilateral Issues*, CRS Report RL32048, *Iran: U.S. Concerns and Policy Responses*, and CRS Report RL33530, *Israeli-Arab Negotiations: Background, Related Developments, and U.S. Policy*.

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Israel-Hamas-Hezbollah: The Current Conflict

Introduction

The current conflict between Israel and two U.S. State Department-designated Foreign Terrorist Organizations (FTOs), the Lebanese Shiite Muslim group Hezbollah and the radical Palestinian Hamas organization is fundamentally linked to two distinct cross border attacks carried out by Hamas and Hezbollah operatives on Israel. On June 25, members of the Hamas military wing (Izz ad-Din al-Qassam Brigades), the Popular Resistance Committees, and the previously unknown Army of Islam attacked Israeli forces, just outside of the Gaza Strip, killing two Israeli soldiers, wounding four, and kidnaping one. Israel launched a massive military assault on Hamas operatives in the Gaza Strip in an effort to secure the captured soldier's release, resulting in widespread infrastructure damage and dozens of Palestinian civilian casualties. Hamas rocket attacks also struck the southern Israeli city of Ashkelon. On July 12, Hezbollah forces crossed the international border from Lebanon into northwestern Israel and attacked two Israeli vehicles, killing three soldiers and kidnaping two in a raid linked in part to Hezbollah's desire to intervene in the Israel-Hamas confrontation in Gaza.

Israel Prime Minister Ehud Olmert declared that Hezbollah's actions constituted "an act of war,"¹ and Israel and Hezbollah have traded an escalating series of air strikes and rocket attacks since that have resulted in damage and civilian casualties on both sides of the border. Israel has stated its official conditions for the end of military operations against Lebanon as the following: the return of the kidnaped soldiers, the end to Hezbollah rocket attacks on Israel, and the deployment of the Lebanese army along the Israeli-Lebanese border to replace Hezbollah units. The United Nations, the United States, the European Union, and a number of Arab governments are now engaged in diplomatic efforts to resolve the ongoing conflict. Iran and Syria's state sponsorship of Hezbollah and Hamas may complicate those efforts.

¹ "Eight IDF Soldiers Killed, 2 Kidnaped on Northern Frontier," *Jerusalem Post*, July 12, 2006.

Background to the Current Crisis

Palestinian Elections and the Hamas-led PA Government²

On January 25, 2006, Palestinians in the West Bank and Gaza Strip voted in the first Palestinian Legislative Council (PLC) elections to be held since 1996. Candidates of the “Change and Reform” party associated with the Islamic Resistance Movement (Hamas)³ won a majority and defeated Fatah, the prior ruling party of the PLC and of Palestinian Authority President (PA) Mahmoud Abbas. The day after the election, the Quartet (i.e., the United States, European Union, United Nations, and Russia) reiterated its view that “there is a fundamental contradiction between armed group and militia activities and the building of a democratic state.”⁴ Subsequent Quartet statements described clear principles for reviewing further engagement and assistance with a potential Hamas-led Palestinian government, namely “that all members of a future Palestinian government must be committed to non-violence, recognition of Israel, and acceptance of previous agreements and obligations, including the Roadmap.”⁵ Although the Fatah-dominated Palestine Liberation Organization (PLO) Executive Committee rejected the Hamas platform, President Abbas prevented a constitutional crisis by endorsing the platform and cabinet candidates while expressing his demand that Hamas comply with the Quartet’s principles and support his efforts to achieve a two-state solution to the Israeli-Palestinian conflict. Since January 2006, Hamas leaders have largely rejected and refused to discuss the Quartet principles, arguing that while President Abbas may decide to negotiate with Israel, ultimately the Palestinian people would decide what to accept. The PLC approved the majority Hamas-bloc on March 28, 2006.

The Isolation of Hamas and Internecine Palestinian Violence

The electoral victory of Hamas surprised many outside observers and created a series of policy challenges for the Bush Administration, which had supported the election process as part of its efforts to reform the Palestinian Authority and its broader Middle East democracy promotion agenda. Following the Hamas victory, Hamas leaders consistently refused to recognize Israel or endorse the principles outlined by the Quartet. As a result, Israel and members of the Quartet took steps to limit the provision of non-humanitarian aid and financial resources to the Hamas-controlled Palestinian Authority. Israel ceased its monthly transfers of approximately \$55 million in taxes and customs revenue collected monthly on behalf of the PA, and

² The following sections were prepared by Christopher Blanchard, Middle East Policy Analyst, on July 20, 2006.

³ Hamas is an acronym for its full name in Arabic, *Harakat al-Muqawamah al-Islamiyyah* (the Islamic Resistance Movement).

⁴ Quartet Statement on Palestinian Legislative Council Elections, January 26, 2006.

⁵ Quartet Statements released January 30, 2006 and March 30, 2006. “The Roadmap” refers to the Performance-Based Roadmap to a Permanent Two-State Solution to the Israeli-Palestinian Conflict, which was presented to Israel and the Palestinian Authority on April 30, 2003, by the Quartet as a plan to achieve a comprehensive settlement of the conflict in three phases by 2005.

two leading Israeli banks announced plans to sever their commercial relationships with financial institutions in the West Bank and Gaza Strip.⁶ The Bush Administration suspended U.S.-funded development projects in the Palestinian territories and prohibited any and all U.S. persons from engaging in any unauthorized transactions with the Palestinian Authority because of its control by Hamas, a designated terrorist entity.⁷ The European Union — the PA's largest donor — also suspended its direct aid to the Palestinian Authority and, at the Quartet's behest, has subsequently spearheaded efforts to develop an international mechanism to deliver assistance to the Palestinian people without transfers to or through Hamas or the elements of the PA under its control.

The loss of customs revenue and direct foreign aid created crippling budgetary shortfalls for the PA and significant derivative economic hardship for many Palestinian citizens. Although Arab and Islamic states pledged tens of millions of dollars in budgetary support to relieve what both Hamas leaders and President Abbas referred to as a "siege," only a fraction of the funds necessary to meet the PA's needs have successfully been brought into the Palestinian territories by Hamas officials since late March 2006. Throughout April, May, and June 2006, tensions over unpaid salaries and disagreements over command responsibilities flared between the Hamas-led government and armed security force personnel loyal to the Fatah movement and President Abbas. The tensions erupted in a number of clashes and armed confrontations, including an incident in which gunmen loyal to the Fatah movement stormed the PLC building in Ramallah and destroyed the offices of several Hamas cabinet officials. Palestinian leaders, including President Abbas, engaged in several efforts to end the intra-Palestinian violence and bring closure to open questions of official Palestinian support for the Quartet principles (see discussion of the National Accord Document below). However, before these efforts could bear fruit, fresh violence between Israel and Hamas erupted in the Gaza Strip and has escalated.

Israeli-Palestinian Fighting in Gaza and the End of the Hamas Cease-Fire⁸

In March 2004, with the encouragement of Palestinian Authority (PA) President Mahmud Abbas and the help of Egyptian officials, Hamas and 12 other Palestinian groups agreed to extend an informal truce or "calm" (referred to in Arabic as a *hudna*) with Israel for one year. Some call the agreement a cease-fire even though it was a unilateral Palestinian declaration to which Israel was not a party. Palestine Islamic Jihad (PIJ) did not agree to the calm and was responsible for several suicide

⁶ The latter announcement was made partly in response to Israeli banks' fears of prosecution under a strict new Israeli anti-terrorism law. Press reports suggested that Israel's Bank Discount and Bank Hapoalim have agreed to postpone their plans until August 15, 2006. The proposals would directly affect Palestinian civilians by severely complicating or preventing most Palestinian commercial financial transactions in Israeli shekels, the principal currency used in the West Bank and Gaza Strip.

⁷ For more information see CRS Report RS22370, *U.S. Foreign Aid to the Palestinians*.

⁸ The following sections were prepared by Carol Migdalovitz, Specialist in Middle Eastern Affairs, on July 20, 2006.

bombings within Israel in the period that followed. Hamas, which had been responsible for many suicide bombings during the second *intifadah* (Palestinian uprising against Israeli occupation) that had begun in September 2000, refrained from perpetrating such attacks after declaring the *hudna*. Hamas did, however, continue to fire mortars and rockets against Israeli settlements in the Gaza Strip before Israel's summer 2005 withdrawal from the region and into southern Israel after Israel's withdrawal, and Hamas operatives killed an Israeli settler in the West Bank in September 2005. Israel usually responded with air and artillery strikes, but it also carried out what it terms targeted killings of terrorists and, before the January 2006 Palestinian parliamentary elections, arrested many potential Hamas election candidates and others.

On June 9, 2006, a Palestinian family was killed on a Gaza beach. The Palestinians claimed that the victims had been struck by Israeli artillery fire, but Israel denied responsibility for the deaths. Nonetheless, Hamas called off its truce and intensified rocket launches into southern Israel.

In June, Palestinian factions held an intense national dialogue in the West Bank and Gaza in which they tried to agree on a National Accord Document (also known as the Prisoners' Document because Hamas and Fatah leaders imprisoned by Israel had collaborated on the first draft). Among other positions, the Document states that the Palestine Liberation Organization (PLO) and the President of the PA will be responsible for negotiations with Israel to create a state on territories occupied by Israel in 1967. It also stipulates that, in tandem with political action, resistance will be concentrated in (but not limited to) territories occupied in 1967. Some interpret the Document as Hamas's abandoning its goal of establishing an Islamic state on all of the territory of Israel, the West Bank, and Gaza; as its implicit recognition of Israel; and as its acceptance of a two-state solution. None of these changes is explicit in the Document.

Although Hamas claims that all of its decisions are arrived at by consensus in its *shura* or consultative council, it has been suggested that the group's leaders in Damascus, notably political bureau chief Khalid Mish'al, did not agree with the National Accord Document. On June 25, members of the Hamas military wing (Izz ad-Din al-Qassam Brigades), the Popular Resistance Committees, and the previously unknown Army of Islam attacked Israeli forces in Israel, near Kerem Shalom and the Egyptian border, just outside of Gaza, killing two Israeli soldiers, wounding four, and kidnaping one. The terrorists had entered Israel via a long tunnel from Gaza and demanded the release of women and minors (an estimated 400 persons) from Israeli prisons. It was the first cross-border attack since Israel withdrew from the Gaza Strip in August 2005. Israel held the PA and its Hamas-led government responsible for the attack and the fate of the kidnaped soldier. Some analysts suggest that Mish'al was behind the attack and that the perpetrators intended the attack to torpedo the political approach evinced in the National Accord Document.

On June 27, after unsuccessful diplomatic efforts to secure the kidnaped soldier's release, Israeli forces began a major operation to rescue him, to deter future Hamas attacks, including rocket launches from Gaza into southern Israel, and to weaken, bring down, or change the conduct of the Hamas-led Palestinian Authority government. Israeli officials claimed that Hamas had crossed a "red line" with the

kidnaping and attack within pre-1967 Israel. Prime Minister Ehud Olmert asserted, however, that Israel did not intend to reoccupy Gaza. On June 28, Hamas officials in the Palestinian Authority echoed the demands of the kidnapers; Israeli officials responded by insisting on the unconditional release of the soldier. On June 29, Israel forces arrested 64 Palestinian (Hamas) cabinet ministers, parliamentarians, and other Hamas officials in the West Bank and Jerusalem. An Israeli spokeswoman stated that the arrests were not an effort to get bargaining chips to exchange for the soldier, and the Foreign Ministry described the action as a “normal legal procedure” targeting suspected terrorists.

On June 30, Israeli planes bombed the empty Palestinian Interior Ministry office, weapons depots, training camps, and access roads in a series of 30 air raids over Gaza. On July 2, Israeli missiles destroyed the empty offices of Palestinian Prime Minister Ismail Haniyah. The next day, Israeli troops and tanks began sweeping northern Gaza to locate tunnels and explosives near the border and continued operations targeting Hamas offices in the West Bank. On July 4, Israeli planes destroyed more of the Interior Ministry building that had been damaged on June 30, an empty Hamas-run school in Gaza City, a building at the Islamic University, and a Hamas training site. Israeli artillery continued to pound empty areas of the Gaza Strip.

After Hamas militants fired an upgraded rocket at the Israeli port city of Ashkelon on July 4, the Israeli cabinet approved “prolonged” activities against Hamas. Meanwhile, the kidnapers reportedly revised their demands, insisting that Israel release all women prisoners (said to number about 100) and 30 male prisoners.

Some international mediators have tried to resolve this latest escalation. On July 3, an advisor to Turkish Prime Minister Recep Tayyip Erdogan met Syrian President Bashar al-Asad and Hamas leader Khalid Mish'al in Syria to discuss the crisis. Egyptian mediators reportedly proposed a resolution in which Hamas would release the soldier in exchange for an Israeli promise to release prisoners at a later date. On July 10, however, Khalid Mish'al insisted on the mutual release (“swap”) of prisoners. On the same day, Prime Minister Olmert said, “Trading prisoners with a terrorist bloody organization such as Hamas is a major mistake that will cause a lot of damage to the future of the State of Israel.”⁹ He added that to negotiate with Hamas would signal that moderates such as President Abbas are not needed.

Enter Hezbollah¹⁰

On July 12, under cover of massive shelling of a town in northern Israel, Hezbollah forces crossed the international border from Lebanon into northwestern Israel and attacked two Israeli vehicles, killing three soldiers and kidnaping two. Hezbollah thereby opened a second front against Israel ostensibly in support of Hamas. Sheikh Hassan Nasrallah, Hezbollah's leader, suggested that the Hezbollah operation might provide a way out of the crisis in Gaza because Israel had negotiated

⁹ “Olmert Says No Deal With ‘Bloody’ Hamas,” *FoxNews.com*, July 10, 2006.

¹⁰ For the purposes of this report, “Hezbollah” is used in referring to the Lebanese Shiite Muslim group. Common alternate spellings include Hizballah, Hizbullah, and Hizb`allah.

with Hezbollah indirectly in the past although it is refusing to negotiate with Hamas now. He said that the only way the soldiers would be returned would be through a prisoner exchange. Although Hezbollah and Hamas are not organizationally linked, Hezbollah has acted in some ways as a mentor or role model for Hamas, which has sought to emulate the Lebanese group's political and media success. Hamas's kidnaping of the Israeli soldier follows a different Hezbollah example. Hezbollah reportedly also has provided terrorist training for Hamas, and the two groups share the goal of driving Israel from occupied territories and ultimately from Israel proper; both maintain close ties with Iran.

The reasons for the Hezbollah action may extend beyond Nasrallah's often publicly espoused intention to kidnap Israelis for a prisoner exchange. Hezbollah has the capacity to decide to act on its own and could have done so as part of a wave of "Shi'a triumphalism" in accordance with the ascension to power of Iraqi Shiites and Iran's pursuit of nuclear weapons. It also may have acted in solidarity with the besieged Palestinians or with its Syrian and Iranian supporters. Some observers, however, question Hezbollah's autonomy and offer other explanations for the July 12 kidnaping. Much speculation focuses on whether Hezbollah acted at the behest of or with the approval of Iran, its main sponsor, because Iran also supports Hamas or may have wanted to divert international attention from the impasse over its nuclear program. On the same day as the Hezbollah attack, Iran was supposed to respond to a package offered by the five permanent members of the U.N. Security Council and Germany in order to get Iran to stop uranium enrichment.

In the absence of a response, the six governments were to ask the U.N. Security Council to sanction Iran for its noncompliance with the International Atomic Energy Agency. Due to the situation in Lebanon, however, the Council has postponed consideration of the issue, which suggests to some that a kidnaping ploy may have worked. However, delays in the Council are not unusual as members undertake protracted negotiations for resolutions and there is no indication that the international community has backed down on Iran because of the Lebanon crisis. Others suggest that Syria may have been using its Hezbollah allies to reestablish a role in Lebanon, from which it had been forced to withdraw in 2005. Another explanation is that Hezbollah may have wanted to prevent mediators from resolving the Gaza crisis. Egyptian President Hosni Mubarak and Palestinian Authority President Mahmud Abbas have claimed that, immediately before the Hezbollah attack, an agreement had almost been reached for a prisoner exchange. Hezbollah's action appears to have complicated or prevented that resolution.

Israel Prime Minister Ehud Olmert declared that Hezbollah's actions "do not constitute a terrorist attack, but rather ... an act of war, without any provocation, on sovereign territory over which there is no argument." Olmert first charged that "The Lebanese government, which Hezbollah is a part of, is trying to undermine regional stability. Lebanon will suffer the consequences of its actions."¹¹ The Lebanese government has stated that it had no prior knowledge of the Hezbollah operation and does not take responsibility or credit for it. Israeli officials also singled out Syria and Iran for blame.

¹¹ "Atmosphere of War in Cabinet Meeting," *Jerusalem Post*, July 13, 2006.

The Military Conflict

Military Operations¹²

Israeli military operations have thus far been confined primarily to air strikes in Lebanon and a naval blockade of Lebanese ports, though as of July 21, there were reports of Israeli plans to launch extensive ground operations in southern Lebanon to push Hezbollah forces back from the Lebanon-Israeli border all the way to north of the Litani River. Targeting, for the most part, Hezbollah area strongholds, transportation nodes, and rocket launchers, air strikes have sought not only to destroy or degrade Hezbollah's military capability, but also to interdict movement both into Lebanon and within the country. By not restricting strikes to the southern border region, Israeli operations have demonstrated that the Israeli government does not consider the Hezbollah threat to be a "localized" problem, and consequently, targeting has extended throughout the country. Attacks on Hezbollah strongholds in and around residential areas have resulted in approximately 300 Lebanese casualties as of July 20, 2006 according to various media sources. By severely damaging Beirut's international airport and destroying key bridges and highway segments to isolate the southern area of the country, the Israeli Air Force (IAF) has sought to prevent the movement and re-supply of Hezbollah forces. The IAF has paid particular attention to locating and destroying rocket launch sites and mobile launch vehicles. As evidenced by the relative lack of success of the "Scud Hunt" by U.S. forces during the 1991 war in Iraq, these mobile launchers present a very significant challenge.

Though Israeli ground forces have been moved to the border area, no large scale incursion into Lebanon has taken place. It is nevertheless likely that Israeli special forces are operating in Lebanon to locate targets and direct air strikes. Most military analysts agree that air strikes alone will be not be sufficient to destroy Hezbollah's ability to attack Israeli targets, and that a relatively large-scale infantry operation would be necessary to destroy Hezbollah's offensive capabilities. The significant political implications of such an operation aside, even a successful Israeli offensive would raise the question of how to prevent the return of Hezbollah and stabilize the border region in the long-term. Few anticipate an Israeli incursion on the scale of its 1982 occupation of Lebanon or a reestablishment of the former Israeli-occupied security zone along the border. Nevertheless, defeating a guerilla organization which enjoys such strong local support and can disperse into the general population with relative ease will be virtually impossible without an extended occupation force of some kind. There has been some discussion of inserting an international force, though providing such a force with credible components and leadership may prove a challenge, given the on-going military commitments of many potential contributors to current military operations in Iraq and Afghanistan.

¹² This section was prepared by Steve Bowman, Specialist in National Defense, on July 20, 2006.

Figure 1. Fighting (Hezbollah Rocket Attacks and Israeli Air Strikes) in Lebanon, Israel, and the Gaza Strip and West Bank



Source: Information provided by The New York Times. Map Resources.
Adapted by CRS. (K.Yancey 7/20/06).

Hezbollah's attacks on Israel have been primarily restricted to rocket attacks on the northern section of the country, which have killed 13 and wounded approximately 300 people as of July 20, 2006 according to various media sources. Supplied by both Syria and Iran, Hezbollah has accumulated a reportedly very large arsenal of these weapons, with estimates reaching up to 12,000 munitions. The vast majority of these munitions are unguided rockets, often called Katushyas. Having ranges of between 20-45 miles they are able to strike a wide area of Israeli territory. Though originally developed in Russia during World War II, new variants are manufactured in a variety of nations, including Syria and Iran.¹³ Though unguided and of varying accuracy, this indiscriminate aspect can enhance their effectiveness as "terror" weapons against urban populations. Iran also has reportedly supplied Hezbollah with a limited number of the more advanced *Zelzal* (earthquake) rocket having a range of up to 120 miles. As noted, many of these munitions can be launched from mobile launchers, enabling them to 'shoot and scoot,' thereby significantly reducing the effectiveness of counterattacks. Though Israel has invested significantly in developing missile defense systems, these relatively short-range munitions have such brief flight times that interception is virtually impossible.¹⁴ Consequently, offensive operations against the launchers and munition storage sites remain the primary effective countermeasure.

Israel's Goals¹⁵

On July 17, in a speech to the Knesset (parliament), Prime Minister Olmert summarized Israel's official conditions for the end of military operations against Lebanon: the return of the kidnaped soldiers, the end to Hezbollah rocket attacks, and the deployment of the Lebanese army along the Israeli-Lebanese border to replace Hezbollah units. The last is a requirement of U.N. Security Council Resolution 1559 and would increase the distance that Hezbollah's rockets and missiles would have to traverse before striking Israel.¹⁶ Israeli officials do not have any illusions that their forces will be able to disarm Hezbollah completely. However, the bombing of Hezbollah rocket launching sites, airports, and roads, and the imposition of a naval blockade show that they clearly hope to degrade the militia's military capabilities considerably and prevent re-supplies. In addition, Israeli officials might hope that, in order to stop the devastation, more moderate Lebanese would exert pressure on Hezbollah to change its conduct and concede to Israel's demands. However, Israel risks creating a greater commonality among Lebanese factions in their opposition to Israel's actions.

¹³ The Iranian versions of these systems are called the Fajr models 1, 3, 5, and the Arash.

¹⁴ The Tactical High Energy Laser missile defense system, jointly developed by Israel and the United States, is capable of defending against these rockets; however, it remains in development and is not expected to be fully operational until 2007. Israel does have developmental models that could be deployed.

¹⁵ This section was prepared by Carol Migdalovitz, Specialist in Middle Eastern Affairs, on July 20, 2006.

¹⁶ Text of U.N. Security Council Resolution 1559, September 2, 2004, is available online at [http://www.un.org/Docs/sc/unsc_resolutions04.html].

In addition, in the face of Hezbollah's initial aggression, the Israeli government could take the opportunity to gain international sympathy and support for its "just war." However, U.N. Secretary General Kofi Annan, European, and other leaders rapidly expressed dismay at Israel's use of "disproportionate" force, suggesting that this goal may be unrealistic. The concern on the part of world leaders might lead to the formation of a more robust international force along the border than the more limited United Nations Interim Force in Lebanon (UNIFIL). Should the Israeli government be willing to accept it, an international force could achieve the goal of pushing Hezbollah back from the border.

Some suggest that the Israeli government could benefit domestically from a successful military campaign. Unlike its predecessors, the Olmert government has few former military generals in key positions. Moreover, it replaced a government headed by a former general with considerable expertise and charisma, Ariel Sharon. Prime Minister Olmert, Defense Minister Amir Peretz, and Foreign Minister Tzipi Livni all lack significant military experience. The politics of forming a coalition government resulted in moving former Chief of Staff and former Defense Minister Shaul Mofaz to the Transportation Ministry, with former Histadrut labor union head and Labor Party leader Peretz taking over Defense. Thus, many observers believe that the current crisis and military campaign affords the militarily inexperienced leaders a chance to prove their ability. In addition, although Olmert's Kadima Party won a plurality in the national elections in March, Olmert is not considered a particularly popular politician. However, polls so far show overwhelming popular support in Israel both for the military campaign and for the government's conduct.

The Regional Dimension

Lebanese Domestic Politics¹⁷

The Lebanese political scene has undergone major changes since a ruinous civil war (1975-1990) and 30-year Syrian military presence in Lebanon (1976-2005). Though supported by some Lebanese, including many Shiite Muslims, the Syrian force presence was increasingly resented in other Lebanese communities. Matters came to a head in 2004, when the Lebanese parliament, apparently under Syrian pressure, adopted an amendment extending the term of the pro-Syrian President Emile Lahoud for three more years. The subsequent assassination in a car bombing of former Prime Minister Rafiq Hariri, who had opposed the extension, was widely blamed on Syrian agents and led to the withdrawal of Syrian forces from Lebanon in April 2005 under Lebanese domestic and international pressure, including U.N. Security Council Resolution 1559. This resolution, among other things, called for withdrawal of "foreign forces" from Lebanon and disarming of militia, such as the militant Shiite Muslim organization Hezbollah and some Palestinian groups. Relatively free and fair parliamentary elections held in May-June 2005 gave a majority of to an anti-Syrian bloc ("the March 14 Movement") headed by the son of the slain prime minister.

¹⁷ This section was prepared by Alfred Prados, Specialist in Middle Eastern Affairs, on July 20, 2006.

Serious issues remained unresolved, however, as Lebanon tries to function with a mixed government. On one hand, the anti-Syrian bloc has a majority in parliament and one of its members, Fouad Siniora, is prime minister. However, pro-Syrian forces, notably a bloc in parliament headed by Hezbollah, remain strong. Also, for the first time in Lebanese history, a member of Hezbollah entered the cabinet as Minister of Energy and Water Resources. In this connection, U.S. policy does not allow U.S. officials to deal with members of Hezbollah, which is listed by the U.S. State Department as a Foreign Terrorist Organization (FTO). One of the most difficult issues dividing Lebanese factions has proven to be the disarmament of militias (mainly Hezbollah), which wants to participate in political life, but maintains that it must keep its weapons to confront what it describes as a threat from Israel. As an example, Hezbollah cites the continued presence of Israeli troops in a disputed enclave near the Lebanon-Syria-Israel tri-border area, known as the Shib'a Farms),¹⁸ as a threat justifying Hezbollah's retention of its arms.

In launching an attack on Israel beginning on July 12, Hezbollah has gambled that it will gain credit among Lebanese if Israel is perceived to back down under Hezbollah pressure. Hezbollah leaders recall that its reputation in Lebanon was enhanced when Israel withdrew unilaterally from southern Lebanon in May 2000 after Hezbollah inflicted mounting casualties on Israel troops in the area. On the other hand, as the conflict continues, mounting resentment of Hezbollah's actions in precipitating the crises may cause a reaction against Hezbollah to set in. Prime Minister Siniora, no ally of Hezbollah, has said that Israeli military pressure is not likely to sway Hezbollah from its current course, has criticized the international community for not doing enough to end the crisis, and called for release of all Lebanese imprisoned in Israel. He further suggested reviving a long dormant mixed armistice commission originally created in 1949 after the establishment of Israel.¹⁹

Iran's Relationship to Hezbollah²⁰

Iran maintains a relationship with Lebanese Hezbollah that could be described as patron-client, or mentor and protégé. Many Iranian leaders see Hezbollah as an outgrowth of the 1979 Islamic revolution, and U.S. experts have long assumed that Iran would expend substantial resources and take significant risks to ensure that Hezbollah survives and prospers in Lebanese politics. Others see Hezbollah as a surrogate with which Iran can strike at and weaken Israel, and thereby strengthen

¹⁸ The Shib'a Farms enclave is regarded by the United Nations and the United States as part of the Israeli-occupied Syrian territory of the Golan Heights. However, Syria and Lebanon maintain that it is Lebanese territory from which Israel failed to withdraw when it withdrew from southern Lebanon in 2000. Hezbollah argues that they are justified in keeping their arms as long as Israel remains in the Shib'a Farms area, which Hezbollah regards as Lebanese territory. For more information, see CRS Report RL31078, *The Shib'a Farms Dispute and Its Implications*.

¹⁹ The Israel-Lebanon Mixed Armistice Commission (ILMAC), one of several armistice commissions established between Israel and neighboring states. For Siniora's comments, see AFP News Wire, July 19, 2006.

²⁰ This section was prepared by Kenneth Katzman, Specialist in Middle East Affairs, on July 18, 2006.

Iran's credentials as a hardline, rejectionist Muslim state. Hezbollah was formed in 1982 by Lebanese Shiite clerics sympathetic to Iran's Islamic revolution, some of whom had studied under Iran's revolutionary leader, the late Ayatollah Ruhollah Khomeini, when Khomeini was in exile in Najaf, Iraq (1963-1978).

On the other hand, Hezbollah has matured as a political movement, and many no longer see Iran as directing Hezbollah, as it did in the 1980s. At the height of Iran's influence over Hezbollah, it had about 2,000 Revolutionary Guard forces in Lebanon, advising and training Hezbollah's militia and coordinating arms shipments to it. After Israel's 2000 withdrawal from south Lebanon, the number of Guard advisers fell to less than 50, according to a *Washington Post* report of April 13, 2005. During the 1980s and 1990s, U.S. officials said Iran was giving Hezbollah about \$100 million per year in financial assistance, but that assistance apparently has also dropped as Hezbollah has developed its own sources of revenue.²¹

Iranian arms flows to Hezbollah have continued in recent years. The method of transfer, by all accounts, have been Iranian cargo flights, off-loaded at Damascus airport and trucked into Lebanon for delivery to Hezbollah. Reported shipments have included "Stinger" anti-aircraft weapons obtained by Iran in Afghanistan, "Fajr-5" rockets (45-mile range) that can reach the Israeli city of Haifa, and over 10,000 Katyusha rockets (18-mile range).²² Some observers believe Iran might have transferred to Hezbollah the Zelzal missile (120-mile range) that might be able to hit the outskirts of Tel Aviv from south Lebanon.²³ The U.S. State Department report on terrorism for 2004 (released April 2005) says that Iran supplied Hezbollah with an unmanned aerial vehicle (UAV), the *Mirsad*, that Hezbollah briefly flew over the Israel-Lebanon border on November 7, 2004 and April 11, 2005. Some reports suggest that Hezbollah used a Chinese-made C-802 sea-skimming cruise missile to strike an Israeli naval vessel on July 14, 2006. Iran is known to have outfitted Chinese-made patrol boats with C-802's during the 1990s, and Iran apparently transferred some C-802's to Hezbollah.²⁴

Syria²⁵

Syria has emerged as a key, if indirect, actor in the current crisis, primarily though its role as a source and conduit for the delivery of rockets and other Iranian weaponry to Hezbollah units in southern Lebanon; some believe Syria is shipping weapons from its own inventories to Hezbollah as well. The Lebanese civil war of 1975-1990 gave Syria an opportunity for the first time to station troops in Lebanon, ostensibly as part of an Arab League peacekeeping force. Despite a provision in the

²¹ Hezbollah reportedly receives millions in donations from overseas supporters, from various criminal operations, and from Lebanese Shiite businessmen. It also generates revenue from Hezbollah-owned businesses in Lebanon.

²² "Israel's Peres Says Iran Arming Hizbollah." *Reuters*, Feb. 4, 2002.

²³ See [<http://www.globalsecurity.org/wmd/world/iran/zelzal-2.htm>].

²⁴ See [<http://www.debka.com/article.php?aid=1184>].

²⁵ This section was prepared by Alfred Prados, Specialist in Middle Eastern Affairs, on July 20, 2006.

1989 Ta'if Agreement calling for redeployment of Syrian forces, these forces remained in Lebanon, albeit at somewhat reduced levels, until forced to withdraw in April 2005 by a popular outcry in Lebanon over alleged Syrian complicity in the murder of former Lebanese Prime Minister Rafiq Hariri. At the time, many observers interpreted the Syrian withdrawal and subsequent election of an anti-Syrian majority in the Lebanese parliament as a major setback for Syria's ambitions in the region, and some even predicted that the Syrian regime of President Bashar al-Asad might have been seriously weakened in backing down under external pressure. In fact, however, Syria retained some assets in Lebanon, particularly the militant Shiite Muslim organization Hezbollah, which refused to relinquish its arms and continued to support Syria's agenda by periodically attacking Israeli military positions near the Israeli-Lebanese border, as noted above.

Many commentators believe Syria's re-supply activity on behalf of Hezbollah was an important factor in encouraging Hezbollah leaders to initiate large-scale border and rocket attacks against Israel on July 12. In doing so, Syria achieves two goals. First, Syria's actions help forestall any move by the small Lebanese army to replace Hezbollah units near the Israeli-Lebanese border and help ensure that Lebanon will be unable to make an independent peace with Israel without Syrian participation. Second, Syria's policy strengthens the view in some Lebanese circles that the departure of Syrian troops has led to stalemate and ultimately to nation-wide devastation. At the same time, the current situation complicates any effort by the United States to effect a "regime behavior change" along the lines of Libya and increases the possibility that the United States, after shunning Syria for several years, may have to deal with Damascus at some point in an effort to contain escalating violence. Observers have noted that "Syria appears anxious to reassert its claim as a crucial guarantor of stability in the Middle East." So far, by employing Hezbollah as a proxy against Israel, Syrian policy has appeared to reap benefits without incurring any retaliatory attacks on Syrian territory. Some observers have suggested, however, that Syria's leadership is playing a dangerous game that could lead to reprisals against Syria itself.²⁶

Regional Reactions: Public Responses and Leaders' Positions²⁷

Public responses to the Gaza-Israel-Lebanon crisis in the Arab and wider Islamic world have featured a number of convergent and divergent themes. The most common theme emanating from the region has been the expression of concern for the well-being of civilian populations in Lebanon and the Gaza Strip and the expression of anger over perceived and alleged disproportionate use of force by the Israeli military. Regional media sources have characterized the United States as politically and materially supportive of Israel's actions, and some parties have alleged that the U.S. government is complicit in the deaths of Palestinian and Lebanese

²⁶ Kim Murphy, "Crisis May Put Syria Back In Political Mix," *Los Angeles Times*, July 18, 2006.

²⁷ This section was prepared by Christopher Blanchard, Middle East Policy Analyst, on July 20, 2006.

civilians. Other themes have highlighted the negative roles of Iran and Syria as state sponsors of Hezbollah's terrorist activities and have identified leaders in those two countries as responsible for the dangerous escalation of the conflict as well as ultimately culpable for the deaths of civilians on all sides.

Other public considerations of the crisis in the region have focused on possible signs of an emerging rivalry between Shiite and Sunni powers in the Middle East, particularly between Iran, supported by Alawite-led Syria, and the traditional leaders of the Sunni Arab states, Egypt, Jordan, and Saudi Arabia. Officials from these countries criticized Hezbollah's "unexpected, inappropriate and irresponsible acts" at an emergency Arab League meeting on July 15. Yemen, Algeria, Syria, and Lebanon disagreed, however, and Yemen called for severing all Arab ties with Israel. Significant attention has been focused on the public positions outlined by King Abdullah of Saudi Arabia, the Saudi Foreign Minister Prince Saud Al Faisal, and unnamed Saudi officials who have identified Hezbollah and those "behind its back" as responsible for the current crisis. They also have characterized Hezbollah's actions as "uncalculated adventures" that are distinct from "legitimate resistance" to Israel's occupation of the West Bank and Gaza Strip.

The critical statements from Saudi leaders and others Arab leaders have been interpreted as reflective of the perspective of sovereign national governments suffering from terrorist attacks on their own territory and disturbed by the precedent potentially set by Hamas and Hezbollah's actions - the permissibility of armed, non-state Islamist actors initiating massive conflict with other states without the approval or support of their national governments. At the same time, leaders of most Arab states have spoken out against what some of them have publicly characterized as "the war being launched by Israel on Lebanon, its people, economy and infrastructure" in order to balance their criticism of Hezbollah and its supporters with statements expressing criticism of Israel and concern for Arab civilians.²⁸ Support for Lebanon also has moved beyond rhetoric: Kuwait and Saudi Arabia have announced \$70 million in donations to support the Lebanese government, and bank accounts have been established to collect donations from other governments and concerned individuals. On July 20, Saudi Crown Prince and Defense Minister Sultan bin Abdulaziz stated that "we cannot let Israel pursue its actions," and endorsed proposals for sending an international force to Lebanon.

²⁸ Saudi Press Agency (Riyadh) "King Abdullah chairs Cabinet's session," July 17, 2006. The Saudi Cabinet statement criticized "Israel's premeditated and repeated destructive practices, its violations which disregard human rights, and its targeting and punishing of the civilian and innocent people without consideration for international pacts, conventions and norms." The statement also called on "the world community, particularly the great powers linked to the region by economic interests" to "shoulder the responsibility of protecting the Lebanese people... rapidly move to halt the Israeli destructive war on Lebanon... end the siege imposed on the Palestinian people and its legitimate institutions," and "provide support for the Lebanese government in its efforts to preserve Lebanon, maintain its sovereignty and spread its authority."

U.S. Policy

U.S. Policy toward Hamas and Hezbollah²⁹

The U.S. government has designated both Hamas and Hezbollah as Foreign Terrorist Organizations and Specially Designated Global Terrorist entities, making the groups and their supporters subject to a number of economic and diplomatic sanctions. The death of U.S. citizens including military personnel in numerous Hamas and Hezbollah sponsored terrorist attacks since the early 1980s has hardened the U.S. government's official position toward both groups, in spite of their recent moves toward participation in democratic politics in the Palestinian territories and Lebanon. With regard to Hamas, the United States government has long held a policy of non-engagement with the group's officials in the Palestinian territories or its strategic and financial leadership in Syria and other Arab countries. Principal U.S. concerns include the organization's use of terrorism, its refusal to recognize Israel's right to exist, and its rejection of the core principles outlined in the Israeli-Palestinian agreements of the 1990s, and, more recently, the international Roadmap for a two-state solution. With regard to Hezbollah, the U.S. policy of non-engagement has traditionally been based on the group's responsibility for attacks on U.S. citizens including military and diplomatic personnel, its use of terrorist tactics against Israelis, and its unwillingness to disarm under the terms of U.S. Security Council Resolution 1559.

Despite Hezbollah's terrorist record, President Bush indicated, in comments to journalists in March 2005, that the United States might accept Hezbollah as a legitimate political force in Lebanon if it disarmed.³⁰ As the current crisis demonstrates, such disarmament did not occur and the Administration has maintained its refusal to deal with Hezbollah-affiliated members of the Lebanese government and parliament. The Administration has identified both groups as the primary instigators of the current crisis and has indirectly identified the groups' state sponsors in Iran and Syria as equally culpable parties. Well documented U.S. animosity toward both groups has led some U.S. and regional observers to speculate that U.S. policy in the current crisis will be influenced by a desire to allow the Israeli military to weaken both groups' military and terrorist capabilities in line with broader U.S. national security interests.

²⁹ This section was prepared by Christopher Blanchard, Middle East Policy Analyst, on July 20, 2006.

³⁰ In a joint appearance Jordan's King Abdullah on March 15, 2005, President Bush said, "I would hope that Hezbollah would prove that they're not [a terrorist organization] by laying down arms and not threatening peace." Robin Wright, "In Mideast, Shiites May Be Unlikely U.S. Allies," *Washington Post*, March 16, 2005.

Supporting Israeli-Palestinian Peace³¹

Every U.S. Administration in recent decades has vowed to advance the Arab-Israeli peace process. The Bush Administration came to power shortly after the failure of the Clinton Administration to achieve Israeli-Palestinian peace after intensive efforts at the Camp David summit and elsewhere and appeared to give the issue a lower priority among U.S. foreign policy interests. In the aftermath of the 9/11 attacks on the United States, however, some analysts and U.S. allies argued that lack of Arab-Israeli peace was contributing to the rise of Islamist extremism and the Bush Administration appeared to agree somewhat. In October 2001, President Bush became the first American president to state outright that “The idea of a Palestinian state has always been part of a vision,” with the qualification, “so long as the right of Israel to exist is respected.”³²

As thinking evolved, the Administration adopted the position that a stable peace is best achieved between democracies and that, therefore, the Palestinians were being held back by the leadership of Yasir Arafat, whom U.S. and Israeli officials held responsible for terrorism. On June 24, 2002, President Bush delivered a landmark speech in which he called on Palestinians to elect new leaders “uncompromised by terror” and to build a practicing democracy. Then, he said, the United States will support the creation of a Palestinian state, whose borders and certain aspects of sovereignty will be provisional until a final settlement is achieved. He added, “as we make progress toward security, Israeli forces will have to withdraw to positions they held prior to September 28, 2000 ... and (Israeli) settlement activity must stop.” (After the outbreak of the Palestinian *intifadah* or uprising against Israeli occupation in September 2000, Israeli forces had reoccupied much of the West Bank territories from which they had withdrawn during the peace process of the 1990’s.)

The United States joined with the European Union (EU), United Nations (U.N.), and Russia as the “Quartet” to flesh out a framework for achieving a comprehensive peace in three phases called the “Roadmap” or, officially, “A Performance-Based Roadmap to a Permanent Two-State Solution to the Israeli-Palestinian Conflict.”³³ Presented to the parties on April 30, 2003, the Roadmap remains the only existing international peace plan and the main reference for U.S. policy makers. However, no part of the Roadmap has ever been implemented.

In April 2004, President Bush exchanged letters with Israeli Prime Minister Ariel Sharon that some suggest may prejudge a final settlement. The President noted the need to take into account changed “realities on the ground, including already existing major Israeli population centers (i.e., settlements), asserting “it is unrealistic to expect the outcome of final status negotiations will be full and complete return to the armistice lines of 1949.” The President also said that a solution to the refugee issue would be found by settling Palestinian refugees in a Palestinian state, rather

³¹ This section was prepared by Carol Migdalovitz, Specialist in Middle Eastern Affairs, on July 20, 2006.

³² See [<http://www.whitehouse.gov>] for presidential statements.

³³ For text, see [<http://state.gov/r/pa/prs/ps/2003/20062.htm>].

than in Israel, thereby rejecting what the Palestinians believe is their “right of return.”³⁴ Nonetheless, the President and other Administration officials continued to maintain that negotiations are the way to resolve all issues.

In the absence of a peace process, the United States supported Israel’s 2005 unilateral disengagement or withdrawal of settlers and forces from the Gaza Strip, while characterizing it as a way to return to the Roadmap. Secretary of State Condoleezza Rice encouraged Israeli Prime Minister Ariel Sharon to coordinate disengagement with the Palestinians, and some coordination was undertaken to enable a relatively peaceful disengagement to occur. With the advent of a Palestinian government led by a U.S.-designated Foreign Terrorist Organization (FTO), Hamas, Israel has proposed additional unilateral withdrawals from the West Bank, which it terms “realignment,” or the dismantling of isolated settlements and their merger into larger settlement blocs to the west of a security barrier that Israel has been constructing in the West Bank. In May 2006, Israeli Prime Minister Ehud Olmert presented his ideas for realignment to President Bush, saying “we cannot be held hostage by a terrorist entity which refuses to change or to promote dialogue.”³⁵ The President said that Olmert’s ideas could lead to a two-state solution if a pathway to progress on the Roadmap is not open in the period ahead and described Olmert’s ideas as “bold.”

Unlike its predecessors, the Bush Administration has never appointed a special envoy for the purpose of achieving Middle East peace. It has relied on individuals for specific tasks, such as (Ret.) Gen. Anthony Zinni to try to obtain a cease-fire during the *intifadah*, Lt. Gen. William Ward and subsequently Lt. Gen. Keith Dayton as Middle East Security Coordinator, and former World Bank President James Wolfensohn, who was the Quartet’s envoy to assist with Israel’s disengagement from Gaza in 2005. In addition, National Security Council Middle East expert Elliott Abrams and the incumbent Assistant Secretary of State for Near Eastern Affairs have worked with regional governments and the Quartet at various times to further U.S. interests; but they do not seem to have an overarching peace mission.

Concern for Lebanese Democracy, Stability, and Independence³⁶

The United States and Lebanon have traditionally enjoyed good relations, rooted in long-standing contacts and interaction lasting over a number of years. Factors contributing to this relationship include a large Lebanese-American community; the pro-Western orientation of many Lebanese, particularly during the Cold War; cultural

³⁴ For text of letters, see Israel’s Ministry of Foreign Affairs at [<http://www.mfa.gov.il/MFA/Peace+Process/Reference+Documents/Exchange+of+letters+Sharon-Bush+14-Apr-2004.htm>].

³⁵ After Israeli Prime Minister Ariel Sharon suffered a stroke in January 2006, Deputy Prime Minister Olmert succeeded him. Olmert remained Prime Minister after his Kadima Party won a plurality in the March 2006 parliamentary elections in Israel.

³⁶ The following sections were prepared by Alfred Prados, Specialist in Middle Eastern Affairs, on July 20, 2006.

ties exemplified by the presence of U.S. universities in Lebanon; Lebanon's position as a partial buffer between Israel and Syria; Lebanon's democratic and partially Christian antecedents; and Lebanon's historic role as a point of contact within the Arab world. More recently, a ruinous 15-year civil war that created turmoil in Lebanon between 1975 and 1990, turned Lebanon into a breeding ground for terrorism, and periodically threatened to spill over into adjacent areas of the Middle East illustrated the dangers to U.S. interests posed by instability in this small country.

The Bush Administration reacted strongly to the assassination of the late Prime Minister Hariri in February 2005, criticized the Syrian presence in Lebanon, and demanded the withdrawal of Syrian forces. The United States welcomed the formation of a new Lebanese government after the withdrawal of Syrian forces from Lebanon and largely free and fair parliamentary elections in May-June 2005. The United States continued its efforts to support the reconstruction of Lebanon which had begun after the 1975-1990 civil war; U.S. economic aid has hovered around \$35 million per year since 2000, and the Administration has requested a small amount (\$4.1 million) of military aid for fiscal year 2007, as Lebanon appeared to be asserting its independence in the aftermath of the Syrian withdrawal.

The outbreak of large-scale fighting between Israel and Hezbollah and accompanying destruction of large parts of Lebanon's newly rebuilt infrastructure cast doubt on the future of U.S. support for Lebanon as the situation evolves. In a broader sense, the conflict jeopardizes not only the long-term stability of Lebanon but faces the Bush Administration with a basic dilemma. On one hand the Administration is sympathetic to Israeli military action against a terrorist organization; President Bush has spoken in favor of Israel's right of self-defense. On the other hand, the fighting deals a setback to Administration efforts to support the rebuilding of democratic institutions in Lebanon. As one commentator put it, "the two major agendas of his [Bush's] presidency — anti-terrorism and the promotion of democracy — are in danger of colliding with each other in Lebanon."³⁷

U.S.-Syrian Relations

The United States and Syria have long had an uneasy relationship. In recent years, Syria has been at the forefront of a number of important U.S. policy issues in the Middle East, and the two sides have been increasingly at odds on such issues as the Arab-Israeli conflict, the former Syrian occupation of Lebanon, and the war on terror. The United States has taken a keen interest in the Syrian regime's behavior, in particular demanding Syrian cooperation in monitoring the Iraqi-Syrian border in order to curb the infiltration of foreign fighters into Iraq. In addition, following the terrorist attacks of September 11, 2001 and Administration efforts to foster democracy into the Middle East region, the United States has spoken out against authoritarian regimes like Syria and promoted reform in the "broader Middle East."

Currently, an array of U.S. legislative provisions and executive directives prohibit direct aid to Syria and restrict bilateral trade between the two countries. The most recent restrictions appear in the Syria Accountability Act of 2003, which

³⁷ Michael Hirsh, "The Legacy On the Line," *Newsweek*, July 24, 2006, p. 30.

reinforces existing bans on aid and restrictions on trade, and contains a menu of additional sanctions, from which the President must choose two. During the current fighting between Israel and Hezbollah, some Members of Congress have suggested the imposition of additional sanctions under the Syria Accountability Act or the enactment of further legislative sanctions against Syria. Two bilateral issues are of particular concern to U.S. policy makers at this time: terrorism and Syria's role in Lebanon.

Since 1979, Syria has appeared regularly on a list of countries identified by the U.S. State Department as sponsors of international terrorism. Although not directly implicated in terrorist acts since 1986, Syria has supported anti-Israel terrorist groups, notably by providing safe haven for radical Palestinian groups (including Hamas)³⁸ and by supplying the Lebanese Shiite Muslim militia Hezbollah and allowing it to conduct raids against Israeli targets from Hezbollah bases in southern Lebanon. Syria's continued involvement in shipping weapons to Hezbollah has continued to be a serious issue in U.S.-Syrian relations and is viewed by U.S. officials as a major contributing cause of the current conflict. Israeli officials point to their destruction of a truck traveling from Syria to Lebanon and suspected of carrying weaponry for Hezbollah as an example of the type of target they believe should be hit.

After the February 2005 assassination of former Lebanese Prime Minister Rafik Hariri, widely blamed on Syrian agents, U.S. officials reiterated their demands for a full Syrian withdrawal of its military forces from Lebanon and recalled U.S. Ambassador Margaret Scobey to Washington. Although Syrian forces did withdraw in April 2005, some observers think Syrian officials have tried to circumvent the effect of the withdrawal by maintaining their influence through contacts they have acquired over the years in the Lebanese bureaucracy and security services.³⁹ In this connection, U.N. teams have said that no visible or significant Syrian intelligence presence remained in Lebanon, but have qualified their statement by noting that "distinctly close historical and other ties" between Syria and Lebanon must be considered "when assessing a possibly ongoing influence of Syrian intelligence in Lebanon."⁴⁰

Some believe that Syria's prompt compliance with demands for its withdrawal may have concealed a long-term plan to reestablish its influence and possibly its presence in Lebanon if and when an opportunity arises. Commentators suggest that Syria appears to be a central player in the present scenario and that U.S. efforts to resolve the crisis may necessitate dealing with Syria at some stage. At present, they point out, U.S. dealings with Syria are complicated by U.S. efforts to keep Syria isolated and by lack of diplomatic contacts. (The U.S. Ambassador to Syria has not returned to Damascus and the U.S. Embassy in Damascus is headed by a lower level diplomat, although the Syrian Ambassador remains in Washington.) According to

³⁸ Hamas leader Khalid Mish'al maintains his office in Damascus. Israeli officials have said he and others in Syria deemed to be terrorists could be vulnerable to Israeli attack.

³⁹ Robin Wright, "Syria Moves to Keep Control of Lebanon," *Washington Post*, March 31, 2005.

⁴⁰ U.N. Security Council document S/2005/673, Paragraph 20.

one observer, “After years spent edging Syrian troops out of Lebanon in a bid to win independence for the beleaguered nation, Western leaders face the prospect of pressing Damascus to reassert its influence with Islamic militants there to halt rocket attacks on Israel and free Israeli prisoners.”⁴¹

In another vein, Syrian officials have pointed out that Syria has accommodated the United States by issuing large numbers of visas to Americans fleeing from Lebanon via Syria for evacuation to the United States.

U.S. Efforts to Contain Iran⁴²

Well before the recent crisis between Israel and Hezbollah, the Administration’s “National Security Strategy” document, released on March 16, 2006, said the United States “may face no greater challenge from a single country than Iran.” The fact that Hezbollah receives funding, training, and weapons from Iran is likely to solidify the Administration’s assessment of the threat posed by Iran, even though Iran’s nuclear program has been the main U.S. concern over the past three years.

To date, the Bush Administration has pursued several avenues in attempting to contain Iran — to prevent it from building weapons of mass destruction (WMD) or from generating revenues that can be used to fund terrorist groups such as Hezbollah. The Bush Administration also is supporting a long-term policy of changing Iran’s regime by providing funds to pro-democracy and human rights activists inside and outside Iran. However, the near-term Administration focus is on attempting to prevent any Iranian nuclear weapons breakthrough, and this concern has brought diplomatic and economic strategies to the forefront of U.S. policy. As part of that effort, the Bush Administration announced on May 31, 2006 that it would negotiate with Iran in concert with U.S. allies; in past years the Bush Administration had only limited dialogue with Iran on specific regional issues. However, that diplomacy is predicated on Iran accepting a package of incentives and disincentives, presented to Iran on July 6 by the permanent U.N. Security Council members plus Germany, if Iran suspends its uranium enrichment efforts. Iran has not accepted that offer to date, raising the possibility of U.N. sanctions such as financial and travel restrictions on Iranian officials and entities.

To date, the United States is the only country that has strict economic sanctions on Iran, including a ban on U.S. trade with and investment in that country. Pending legislation (H.R. 282, S. 333, and S. 2657) would renew or tighten a law that sanctions foreign investment in Iran’s energy sector (Iran-Libya Sanctions Act or ILSA). If diplomacy and international sanctions do not succeed, some advocate military action against Iran’s nuclear infrastructure rather than acquiescence to a nuclear-armed Iran.

⁴¹ Kim Murphy, “Crisis May Put Syria Back In Political Mix,” *Los Angeles Times*, July 18, 2006.

⁴² This section was prepared by Kenneth Katzman, Specialist in Middle East Affairs, on July 19, 2006. For more information, see CRS Report RL32048, *Iran: U.S. Concerns and Policy Responses*, by Kenneth Katzman.

Diplomatic Efforts

The United Nations⁴³

U.N. Framework. The United Nations was created in 1945, with the primary purpose of maintaining “international peace and security.” The U.N. Secretary-General, Security Council, and the General Assembly all have major roles in carrying out this mandate, especially as set forth under Chapters VI and VII of the U.N. Charter. Under Chapter VI of the Charter, “Pacific Settlement of Disputes,” the parties to any dispute are to seek a solution by peaceful means. Any U.N. member may bring a dispute to the U.N. Security Council or to the Assembly. Under Chapter VII of the Charter, “Action with Respect to Threats to the Peace, Breaches of the Peace, and Acts of Aggression,” the Security Council is empowered to determine the existence of any threat, breach, or act, to make recommendations, or to decide measures to be taken by the entire U.N. membership to maintain or bring about international peace and security. Article 99 of the Charter authorizes the Secretary-General to bring to the attention of the Council any matter which in his opinion may threaten the maintenance of international peace and security. This article is viewed as providing the foundation for the Secretary-General to use his “good offices,” either directly or through the appointment of representatives or other officials to intercede, mediate, or otherwise promote and work toward peaceful settlement of disputes.

The United Nations and the Current Crisis. The United Nations has been engaged in broad Middle East crisis issues since the early days of its history. On July 13, 2006, in the aftermath of the Hezbollah kidnaping of two Israeli soldiers, the Secretary-General condemned Hezbollah’s actions and sent a high-level three-member team to the region to help defuse the crisis. The Security Council called on all sides to cooperate with the team.⁴⁴ Also in the region is the United Nations Interim Force in Lebanon (UNIFIL), a peacekeeping operation that has been in southern Lebanon since 1978.⁴⁵ Its mandate, which includes some humanitarian assistance, has reportedly been restricted by the current conflict.⁴⁶ The current force, consisting of approximately 1,990 troops, assisted by 50 military observers, will end on July 31, 2006, unless renewed by the Security Council. U.N. Secretary-General Kofi Annan, since the start of the crisis, has been on the phone and in contact with leaders in the region and around the world. The Secretary-General and British Prime Minister on July 17, 2006 suggested that an international stabilization force be set up in southern Lebanon to give the Lebanese government time to organize and prepare

⁴³ This section was prepared by Marjorie Ann Browne, Specialist in International Relations, on July 20, 2006.

⁴⁴ Current actors for Lebanon include Terje Roed-Larsen, the Secretary-General’s Special Envoy for the Implementation of Security Council Resolution 1559 (2004), and Geir O. Pedersen, the Personal Representative of the Secretary-General for Lebanon.

⁴⁵ Its mandate was to confirm withdrawal of Israeli forces from southern Lebanon, restore international peace and security, and assist the government of Lebanon in ensuring the return of its effective authority in the area.

⁴⁶ See press releases issued from UNIFIL headquarters at [<http://www.un.org/Depts/dpko/missions/unifil/unifilpress.htm>].

to extend its authority in the area. The force, envisioned to be authorized by the Security Council, would be larger and with a more robust mandate or concept of operations than UNIFIL, now in the area. The Security Council, on July 20, 2006, met in closed session to hear reports from the Secretary-General and his senior-level team.

The impact of the conflict on civilians in the region was an equally important issue facing the United Nations. The U.N. High Commissioner for Human Rights, on July 19, 2006, called for protection of civilians. The U.N. Relief and Works Agency, the U.N. Children's Fund (UNICEF), the World Food Program and the World Health Organization have all expressed concern over the conditions created by the conflict and by the displacement of civilians from their homes and villages.

The European Union and France⁴⁷

European governments and the European Union have condemned Hezbollah's kidnapping of Israeli soldiers as a provocation. At the same time, most European governments believe that the United States is too close to Israel, to the detriment of the peace process and regional stability. Some European observers believe that the United States has lost its influence in the region due to the war in Iraq and to its support for Israel, which have complicated Washington's capacity to serve as an interlocutor with Arab governments.⁴⁸

The European Union is supporting efforts by Kofi Annan to prepare a U.N. Security Council resolution that would call for a force to be deployed to the Lebanese-Israeli border to provide security and monitor developments there. Italian Prime Minister Prodi has proposed that an enhanced U.N. force total as many as 10,000 soldiers, and has said that his government will contribute to such a force. The Finnish government, serving a six-month rotation as EU president, has said that the EU as a whole would also contribute to such a force. The EU has called for a cease-fire, and the release of Israeli soldiers held by Hezbollah and by Hamas. At the same time, the EU is calling on Israel not to resort to "disproportionate action" in response to the situation.⁴⁹

Among European states, France has the closest political and historical connections to Lebanon. Lebanon was a protectorate of France for a time after the First World War, and France helped to shape the political structures still evident in the country. In 2004, with the United States, France drafted United Nations Security Council Resolution 1559, which calls for Lebanon's full sovereignty and the disarming and disbandment of Hezbollah and other militias there. The French

⁴⁷ This section was prepared by Paul Gallis, Specialist in European Affairs, on July 20, 2006.

⁴⁸ Chris Patten, "While Bush and Blair Fumble and Fiddle, Beirut Burns," *Financial Times*, July 19, 2006, p. 13; Eric Leser, "Washington, en S'alignant sur Israël, a Perdu son Influence," *Le Monde*, July 20, 2006, p.4.

⁴⁹ "bush Doubts Lebanon Peace Plan," *Financial Times*, July 18, 2006, p. 1; Statement from EU Council meeting of July 17-18, 2006.

government has repeatedly criticized Syria for its efforts to influence and destabilize Lebanon. There has been some evolution in French statements since the beginning of the current crisis in Lebanon. While France immediately condemned Hezbollah's seizure of two Israeli soldiers and called for full implementation of resolution 1559, Paris at first criticized Israel's military response as "disproportionate." By July 18, the French government called instead for a cease-fire at the border, and repeated its call for Hezbollah to release the soldiers. President Chirac sent his prime minister and foreign minister to Beirut on July 16 to demonstrate France's support for the Lebanese government. France has been evacuating its citizens and other Europeans, as well as some U.S. citizens from Lebanon, and now has warships with 1,500 soldiers off the Lebanese coast to ensure the safety of French and other Europeans seeking to leave Lebanon.⁵⁰

Regional Governments⁵¹

Regional governments, particularly the Sunni Arab regimes of Egypt, Jordan, and Saudi Arabia, were initially critical of Hezbollah's attack against Israel. Overall, these governments are largely suspicious of Iran's growing influence in the region, particularly among Shiites, as King Abdullah of Jordan has publicly warned against the formation of a "Shiite crescent" extending from Iran to Iraq, Syria, and Lebanon. After the July 12 kidnaping of two Israeli soldiers by Hezbollah, Sunni Arab governments, in a rare public departure from Arab solidarity, quickly called Hezbollah's attack unhelpful to the pursuit of regional peace and stability. In a joint statement, President Hosni Mubarak and King Abdullah of Jordan stated that "The region is being dragged along by an adventurism that does not serve the interests of Arab affairs.... The necessity for all the parties in the region is to act responsibly and not to move towards an escalation aimed at taking the region to a dangerous situation and confrontations that will leave the countries and their peoples bearing the consequences."⁵²

Nevertheless, Arab public opinion largely favors Hezbollah's actions against Israel, making Arab governments anxious to bring about a quick resolution to the conflict with minimal Lebanese civilian casualties and damage to infrastructure. The moderate Sunni Arab regimes have called for an immediate cease-fire between Israel and Hezbollah, the deployment of international peacekeepers along the Israeli/Lebanese border, the deployment of the Lebanese army in southern Lebanon, and a prisoner exchange between the two sides.

While no major breakthroughs have been reported, Egypt has reportedly been in contact with Israel and Syrian officials to assess the possibility of reaching a cease-

⁵⁰ "Déclaration de M. Jacques Chirac... sur la Situation au Liban," Office of the President, July 19, 2006; "La France Soumet Ses Propositions sur le Liban au Conseil de Sécurité," *Le Monde*, July 18, 2006.

⁵¹ This section was prepared by Jeremy M. Sharp, Analyst in Middle East Policy, on July 20, 2006.

⁵² "Joint Statement by Egyptian President Hosni Mubarak Jordanian King Abdullah II, *Agence France Presse*, July 14, 2006.

fire. Jordan's King Abdullah has reportedly contacted U.S. Secretary of State Condoleezza Rice to emphasize the need for a U.S. role in brokering a cease-fire. Overall, Arab governments may have limited influence over the warring parties and may direct their efforts toward the United States in trying to secure its involvement in negotiations. Egypt continues to serve as an intermediary between Israel and Hamas, though it has considerably less influence with Syria to encourage a cease-fire in the north.

Role of Congress

Legislation, Foreign Assistance, Sanctions, and Equipment Use Restrictions

Congress has engaged and may continue to engage in U.S. efforts to resolve crises in the Middle East using three distinct legislative tools: the appropriation of foreign assistance, the passage of sanctions legislation, and the exercise of oversight regarding legal restrictions on the use of U.S. military assistance by foreign recipients. The United States has longstanding aid programs to countries in the Middle East, including (among others) Israel, Lebanon, and since 1993, the Palestinian Authority. Foreign assistance has been used to promote the peace process, spur economic development, and in the case of Israel, to strengthen its defense capabilities through military assistance. Syria, Iran, Hamas, and Hezbollah — the states and entities that Congress has noted for aggression against Israel, support for terrorism, or terrorist activities in the current crises — are currently subject to fairly comprehensive U.S. economic sanctions. In accordance with the Arms Export Control Act (AECA), the U.S. Government places conditions on the use of defense articles and defense services transferred by it to foreign recipients. Violation of these conditions, when identified by the executive branch, can lead to the suspension of deliveries or termination of the contracts for such defense items, among other things. Israeli military activities have come under scrutiny pursuant to the AECA in the past (see below).

Recent Legislation.⁵³ In response to the recent crisis, Congress took swift steps to express its views. The Senate, on July 18, 2006, agreed by voice vote to S.Res. 534;⁵⁴ in the House, three resolutions were introduced, also on July 18, and a fourth on July 19, and referred to the Committee on International Relations.⁵⁵ H.Res. 921 was brought to the floor on July 19, debated for nearly three hours, before

⁵³ The following section was prepared by Dianne Rennack, Specialist in Foreign Policy Legislation, on July 21, 2006.

⁵⁴ S.Res. 534, introduced on July 18, 2006, by Senator Frist and others, considered and agreed to by voice vote the same day; *Congressional Record* of July 18, 2006, S7766-7767, and S7692-7694.

⁵⁵ Each introduced on July 18, 2006: H.Res. 921, by Representative Boehner and others; H.Res. 922, by Representative Ackerman and others; and H.Res. 923, by Representative Shaw. On July 19, 2006, H.Con.Res. 450, introduced by Representative Kucinich and others.

it was held over to the next day. It was agreed to on July 20, 2006, by a vote of 410 — 8 (with 4 voting “present”).⁵⁶ While the four resolutions introduced on July 18 differ in that each emphasizes one aspect of the crisis over another, or characterizes the relationships between and among Iran, Syria, Hamas, and Hezbollah as varying in strength and influence, the differences among the resolutions are only at the margins. Generally, all the resolutions, in similar language to that found in S.Res. 534, reaffirm Congress’ “steadfast support for the State of Israel”, support “Israel’s right of self-defense and...right to take appropriate action to deter aggression by terrorist groups and their state sponsors”, and urge “the President to continue fully supporting Israel as Israel exercises its right of self-defense in Lebanon and Gaza”.⁵⁷ Congress at this time appears to be, for the most part, of one voice and supportive of the President’s position on the current crises.⁵⁸

Congress and Evacuation Costs for U.S. Citizens. In the early stages of U.S. government-conducted or -supported evacuations of Americans from Lebanon, the evacuees were required to sign promissory notes to assume financial liability of the costs of their evacuation. Several Members of Congress objected to this, noting that the law is ambiguous at best, and called on the U.S. Secretary of State to waive the statutory requirements for reimbursement.⁵⁹ On July 18, 2006, after the Secretary of State consulted with some Members, the State Department announced that such fees would be waived. For the time-being, congressional efforts to legislate a suspension of the collecting of reimbursements from American nationals for emergency evacuations seem to have been averted.

U.S. Foreign Assistance.⁶⁰ The United States has longstanding aid programs to countries in the Middle East, including (among others) Israel, Lebanon, and since 1993, the Palestinian Authority. Foreign assistance has been used to promote the peace process, spur economic development, and in the case of Israel, to strengthen its defense capabilities through military assistance.

⁵⁶ Roll Call No. 391, July 20, 2006, at [<http://clerk.house.gov/evs/2006/roll391.xml>].

⁵⁷ S.Res. 534, *Resolved* clauses (1), (2), and (3).

⁵⁸ Some Members are reported to have drafted a resolution that would have cast Lebanon’s responsibility differently than those resolutions agreed to, and would have called for restraint from all sides. Flaherty, Anne Plummer. “House on Track to Voice Support for Israel’s Military Campaign in Lebanon,” *Associated Press*, July 20, 2006. By contrast, S.Res. 534 “urges all sides to protect innocent civilian life and infrastructure...”. H.Res. 921 “recognizes Israel’s longstanding commitment to minimizing civilian loss and welcomes Israel’s continued efforts to prevent civilian casualties”. H.Con.Res. 450 calls on the President to “appeal to all sides in the current crisis...for an immediate cessation of violence.”

⁵⁹ § 4(b)(2)(A) of the State Department Basic Authorities Act of 1956, as amended (22 U.S.C. 2671), authorizes the Secretary of State to expend funds to evacuate “U.S. citizens or third-country nationals, on a reimbursable basis to the maximum extent practicable” “when their lives are endangered by war, civil unrest, or natural disaster”.

⁶⁰ This section was prepared by Connie Veillette, Analyst in Foreign Policy, on July 19, 2006.

- Israel:⁶¹ Since 1949, the United States has provided more than \$96 billion in various forms of assistance to Israel, and it is the largest annual recipient of U.S. aid, outside of current operations in Iraq. Israel receives various types of assistance, the two largest being Economic Support Fund (ESF) and Foreign Military Financing (FMF). ESF, totaling an estimated \$237.6 million in FY2006. FMF, totaling an estimated \$2.26 billion in FY2006 and expected to reach \$2.4 billion by FY2008, is used for defense purchases, 75% of which is used to purchase U.S. manufactured defense articles. U.S. assistance to Israel has strong support in Congress and is justified based on the two countries' historic ties, their generally shared strategic goals in the Middle East and shared democratic values. Aid proponents believe that Israel is a besieged ally that deserves U.S. support in order to flourish in a hostile environment. Critics of assistance believe that Israel often acts unilaterally in ways that may not, on some occasions, be in the best interests of the United States.
- Lebanon:⁶² The United States provides modest amounts of assistance to Lebanon. Annual funding for Lebanon has been maintained at roughly \$35 to \$40 million since FY2001.⁶³ ESF funding in FY2006 is an estimated \$40 million, with \$36 million proposed for FY2007. FMF grants are an estimated \$1 million in FY2006, but the FY2007 request is \$4.8 million. According to DefenseNews.com, "The United States has renewed its promise of military aid to Lebanon with more concentration on improving Internal Security Forces (ISF) to reduce the burden imposed on the Lebanese Armed Forces (LAF) and bolstering Lebanon's capabilities to deal with internal threats."⁶⁴ With the Finance Minister of Lebanon estimating that damage to the country's infrastructure from the Israeli bombing campaign is \$2 billion in the first week,⁶⁵ it is conceivable that the United States may be called upon to increase future assistance to Lebanon to help with rebuilding. With continued military action, the damage assessment is likely to increase.

⁶¹ For more information, see CRS Report RL33222, *U.S. Foreign Aid to Israel*, by Jeremy M. Sharp, and CRS Report RL32260, *U.S. Foreign Assistance to the Middle East: Historical Background, Recent Trends, and the FY2007 Request*, by Jeremy M. Sharp.

⁶² See also CRS Report RL33509, *Lebanon*, by Alfred B. Prados.

⁶³ For FY2003, Congress directed that \$10 million in assistance could not be obligated until the President certified that the Lebanese Armed Forces had deployed to the internationally recognized border with Israel, and that Lebanon was asserting its authority over the border area. The provision was meant to compel Lebanon to exercise control of the border area that was controlled by Hezbollah forces. Lebanon had resisted moving into the area until Israel evacuated the disputed Shabaa Farms area. The funds were released in March 2004 after negotiations among the United States, Israel and Lebanon.

⁶⁴ "U.S. Pledges More Aid to Lebanon in 2007," *DefenseNews.com*, July 10, 2006.

⁶⁵ Roula Khalaf and Ferry Biedermann, "Lebanon Puts Cost of Raids at \$2 Billion," *Financial Times*, July 18, 2006.

- **Palestinian Authority:**⁶⁶ Since the signing of the Oslo Accord in 1993, the United States has provided more than \$1.8 billion in economic assistance to the Palestinians, but with the formation of the Hamas-led government in March 2006, the United States has withheld both direct and indirect foreign aid to the Palestinians. For FY2006, Congress appropriated \$150 million in Economic Support Funds, which has now been suspended. The FY2007 House-passed Foreign Operations Appropriations Act provides no funding.

Sanctions.⁶⁷ Syria, Iran, Hamas, and Hezbollah — the states and entities that Congress has noted for aggression against Israel, support for terrorism, or terrorist activities in the current crises — are currently subject to fairly comprehensive U.S. economic sanctions. The Secretary of State designated Syria and Iran as state sponsors of acts of international terrorism, in 1979 and 1984 respectively, thus triggering a myriad of statutorily required restrictions and prohibitions on aid, non-emergency agricultural aid, trade, support in the international banks, and other economic transactions.⁶⁸ Such a designation generally triggers a prohibition on all

⁶⁶ For more information, see CRS Report RS22370, *U.S. Foreign Aid to the Palestinians*, by Jeremy M. Sharp and Christopher M. Blanchard.

⁶⁷ For more detail on U.S. economic sanctions imposed on Iran, see CRS Report RL32048, *Iran: U.S. Concerns and Policy Responses*, by Kenneth Katzman. For Syria, see CRS Report RL33487, *Syria: U.S. Relations and Bilateral Issues*, by Alfred B. Prados.

⁶⁸ § 6(j) of the Export Administration Act of 1979 (P.L. 96-72; 50 U.S.C. 2405(j)), under which the state sponsor of acts of international terrorism designation is made, authorizes the curtailment of commercial trade in dual-use goods and technology to named countries. § 620A of the Foreign Assistance Act of 1961 (P.L. 87-195; 22 U.S.C. 2371) prohibits most foreign aid, non-emergency agricultural aid, peace corps programs, or Export-Import Bank funding to designated countries. § 40 of the Arms Export Control Act (P.L. 90-629; 22 U.S.C. 2780) prohibits government sales or leases of defense goods or defense services to named countries. § 505 of the International Security and Development Cooperation Act of 1985 (P.L. 99-83; 22 U.S.C. 2349aa-9) authorizes the President to ban the importation of goods and services from any state found to support acts of international terrorism. § 1621 of the International Financial Institutions Act (P.L. 95-118; 22 U.S.C. 262p-4q), § 6 of the Bretton Woods Agreements Act amendments, 1978 (P.L. 95-435; 22 U.S.C. 286e-11) each state similar prohibitions relating to international bank programs. § 502(b)(2)(F) of the Trade Act of 1974 (P.L. 93-618; 19 U.S.C. 2462) requires the withholding of favorable trade terms with cited countries. Annual foreign operations appropriations measures usually restrict or prohibit most forms of aid to designated countries. Other legislation prohibits certain transactions with countries found to be not cooperating with U.S. antiterrorism efforts, and still other legislation prohibits or curtails economic relations with third countries that aid terrorist-designated states.

but the most basic of humanitarian exchanges.⁶⁹ Please see Appendix C for detailed information on sanctions.

Restrictions on the Use of U.S. Supplied Military Equipment.⁷⁰ In accordance with United States law, the U.S. Government places conditions on the use of defense articles and defense services transferred by it to foreign recipients. Violation of these conditions can lead to the suspension of deliveries or termination of the contracts for such defense items, among other things. On occasion, the President has indicated that such violations by foreign countries “may” have occurred, raising the prospect that termination of deliveries to or imposition of other penalties on such nations might take place. Section 3(a) of the Arms Export Control Act (AECA) sets the general standards for countries or international organizations to be eligible to receive United States defense articles and defense services provided under this act. It also sets express conditions on the uses to which these defense items may be put. Section 4 of the Arms Export Control Act states that U.S. defense articles and defense services shall be sold to friendly countries “solely” for use in “internal security,” for use in “legitimate self-defense,” to enable the recipient to participate in “regional or collective arrangements or measures consistent with the Charter of the United Nations,” to enable the recipient to participate in “collective measures requested by the United Nations for the purpose of maintaining or restoring international peace and security,” and to enable the foreign military forces “in less developed countries to construct public works and to engage in other activities helpful to the economic and social development of such friendly countries.” Section 3(c)(2) of the Arms Export Control Act requires the President to report promptly to the Congress upon the receipt of information that a “substantial violation” described in section 3(c)(1) of the AECA “may have occurred.” This Presidential report need not reach any conclusion regarding the possible violation or provide any particular data other than that necessary to illustrate that the President has received information indicating a specific country may have engaged in a “substantial violation” of an applicable agreement with the United States that governs the sale of U.S. defense articles or services.

Questions raised regarding the use of U.S.-supplied military equipment by Israel in Lebanon in June and July 1982 led the Reagan Administration to determine on July 15, 1982, that Israel “may” have violated its July 23, 1952, Mutual Defense Assistance Agreement with the United States (TIAS 2675). Concerns centered on whether or not Israel had used U.S.-supplied anti-personnel cluster bombs against civilian targets during its military operations in Lebanon and the siege of Beirut. The

⁶⁹ Some trade, albeit highly restricted, is allowed with Iran and Syria. U.S. exporters may, for example, market agricultural commodities, medicines, and medical supplies to countries designated as supporters of international terrorism under terms of the Trade Sanctions Reform Act of 2000 (P.L. 106-387; 22 U.S.C. 7201 *et seq.*). Suppliers may provide spare parts related to civil air safety. U.S. persons may import and export informational material and propaganda. And since 2000, in an attempt through trade diplomacy to open relations with Iran, one may import nuts, dried fruit, caviar, and carpets from that country.

⁷⁰ For more detailed information, see CRS Report RL30982, *U.S. Defense Articles and Services Supplied to Foreign Recipients: Restrictions on their Use*, by Richard F. Grimmett.

pertinent segment of that 1952 agreement between Israel and the United States reads as follows:

The Government of Israel assures the United States Government that such equipment, materials, or services as may be acquired from the United States ... are required for and will be used solely to maintain its internal security, its legitimate self defense, or to permit it to participate in the defense of the area of which it is a part, or in United Nations collective security arrangements and measures, and that it will not undertake any act of aggression against any other state.

It should be noted that none of the critical terms such as “internal security,” “legitimate self-defense,” or “act of aggression” are defined within this 1952 U.S.-Israeli agreement. On July 19, 1982, the Reagan Administration announced that it would prohibit new exports of cluster bombs to Israel. This prohibition was lifted in November 1988. In light of the Israeli attack on the Iraqi nuclear reactor on June 7, 1981, Secretary of State Alexander M. Haig, Jr., reported to Congress on June 10, 1981, that the Israeli use of American-supplied military equipment in this raid “may” have constituted a substantial violation of the applicable 1952 U.S.-Israeli agreement. The President chose to exercise the authority set forth in sections 2 (b) and 42(e)(1) of the Arms Export Control Act to suspend “for the time being” the shipment of F-16 aircraft scheduled for delivery to Israel. However, on August 17, 1981, the Reagan Administration lifted its suspension on deliveries to Israel and all of the planes were transferred. On two other occasions — April 5, 1978, and August 7, 1979 — the Carter Administration chose to find that the Israelis “may” have violated their 1952 agreement with the United States through the use of American-origin military equipment in operations conducted in Lebanon. However, the U.S. did not suspend or terminate any Israeli arms sales, credits, or deliveries in either of these cases.

In two notable instances, questions concerning the improper use by Israel of U.S. weapons were raised, but the President expressly concluded that a violation of the agreement regarding use of U.S. supplied equipment did not occur. On October 1, 1985, Israel used U.S.-supplied aircraft to bomb Palestine Liberation Organization (PLO) headquarters in Tunis, Tunisia. The Reagan Administration subsequently stated that the Israeli raid was “understandable as an expression of self-defense,” although the bombing itself “cannot be condoned.” On July 14, 1976, following the Israeli rescue mission at Entebbe, Uganda in early July 1976, the Department of State declared that Israel’s use of U.S.-supplied military equipment during that operation was in accordance with the 1952 U.S.-Israeli agreement.

Implications

Prospects for a Regional War⁷¹

With Israel fighting what amounts to a two-front war in the Gaza Strip and Lebanon against two non-state actors, the possibility of a third front opening up may depend largely on whether or not the fighting spreads to Syria. Observers have long noted how Syria has used Hezbollah as a proxy to pressure Israel, shielding itself from a direct military confrontation in which it would be at a technological and operational disadvantage to the more advanced Israeli military. Syrian influence over Hezbollah also has been wielded as a diplomatic chip in Syria's back pocket, giving the relatively weak state some amount of bargaining power in the region. Syria seeks the return of the Israeli-controlled Golan Heights, which it lost to Israel in the June 1967 War.⁷²

Some analysts believe that the prospect of open war between Syria and Israel grows more likely the longer the current conflict continues. Israel has warned Syria that attacks could be imminent should the Syrian regime remain intransigent in halting Hezbollah attacks or if Syria is found to be directly involved in re-supplying Hezbollah with short-range rockets and long-range missiles. In recent days, Israel has accused Syria of re-supplying Hezbollah with rockets, claiming to have struck one convoy carrying rockets on its way to Lebanon from Syria.⁷³ Israel has occasionally struck targets inside Syria in order to forcibly remind Syria to tighten its grip over Hezbollah and prevent it from launching attacks on Israel's northern border. In October 2003, Israel bombed an abandoned Palestinian terrorist training camp northeast of Damascus.⁷⁴ On July 13, 2006, Iranian President Mahmoud Ahmadinejad telephoned President Bashar al-Asad and declared that an attack on Syria would be an attack on the Islamic world and would elicit a response.⁷⁵

Some observers believe that Syrian interests are best served by remaining out of the current conflict to the extent that it can. During past conflicts along the Israeli-Lebanese border, U.S. officials sought Syrian cooperation in curtailing Hezbollah's militant activities. Although Syria no longer directly occupies Lebanon, many believe that Syria can still use its considerable influence in the area to help broker a cease-fire. However, analysts assert that the Bush Administration may be reluctant to seek

⁷¹ This section was prepared by Jeremy M. Sharp, Analyst in Middle East Policy, on July 20, 2006.

⁷² Technically, Israel and Syria are still at war, though both sides are bound by the 1974 Golan Heights disengagement agreement brokered by former Secretary of State Henry Kissinger following the 1973 October War.

⁷³ "Olmert Sends Al-Asad 'Tough Message; 'US 'Wouldn't Be Sorry' If Israel Hit Syria," Open Source Center Report in Hebrew, July 19, 2006, Document ID# GMP20060719738003.

⁷⁴ See Gary C. Gambill, "Implications of the Israeli Reprisal in Syria," *Middle East Intelligence Bulletin*, Vol. 5 No. 10 October 2003.

⁷⁵ "Iran Playing Key Role in Israel-Lebanon Crisis," Radio Free Europe/Radio Liberty, *Newsline*, Volume 10, Number 129 (18 July 2006).

Syrian cooperation given recent U.S. policy of isolating Syria due to its perceived support for the Iraqi insurgency and possible complicity in the assassination of former Lebanese Prime Minister Rafik Hariri.

Additional scenarios include widespread rioting among Palestinians in the West Bank in sympathy with their fellow Palestinians in Gaza or token deployments of fighters from other parts of the Muslim world to southern Lebanon to support Hezbollah units engaged in the fighting. The prospect of renewed sectarian conflict in Lebanon itself also is a possibility. Hezbollah's unilateral decision to attack Israel, dragging the whole of Lebanon into a conflict many groups did not desire, may lead to the arming of factions politically opposed to Hezbollah. According to Michael Young, commentator in the Lebanese newspaper *The Daily Star*, "When the diverse religious communities decide the problem is that one side has the weapons while the others have nothing but a choice to remain silent, Lebanon will break down, and it could do so violently."⁷⁶

U.S. Homeland Security⁷⁷

Hezbollah has a long history of attacking U.S. personnel and interests overseas; however, it has never claimed to have carried out a terrorist attack in the United States.⁷⁸ Notwithstanding this fact, Hezbollah's presence in the U.S. is noted by Administration leaders with the organization "having the capability to strike inside the U.S."⁷⁹ Hezbollah has concentrated its efforts in the United States on actions that provide financial support to overseas operations and further the establishment of its presence in the United States. In recent years a number of individuals suspected of belonging to U.S.-based Hezbollah cells have been arrested and charged with crimes ranging from credit card scams, trafficking in cigarettes, money laundering, evading immigration laws, loan fraud, and the purchase of dual use technology equipment. In February 2006, Director of National Intelligence Negroponte testified during the Annual Threat Assessment Briefing to the Senate Select Committee on Intelligence that "Hezbollah, while focused on its agenda in Lebanon, has a worldwide support network and is capable of attacks against U.S. interests if it feels its Iranian patron is threatened." Soon thereafter, in March, 2006, Federal Bureau of Investigation (FBI) Director Mueller announced that Hezbollah had succeeded in smuggling some

⁷⁶ "The Meaning of a Hizbullah Victory," *The Daily Star (Beirut)*, July 20, 2006.

⁷⁷ This section was prepared by John Rollins, Specialist in Terrorism and International Crime, on July 20, 2006.

⁷⁸ It should be noted past activities are not indicative of future actions. Al-Qaeda, prior to the attacks on the homeland of September, 11, 2001, frequently attacked U.S. facilities and personnel located overseas. There is little understanding of the types of actions undertaken by the U.S. or Israel that would precipitate a terrorist attack on the U.S. homeland from Hezbollah. Some analysts assert that should the current situation in the Middle East directly threaten Iran's sense of security or if Hezbollah is significantly degraded in its ability to manage a worldwide presence and supporting activities, Hezbollah may launch terrorist attacks against domestic and international U.S. targets as a sign of support to Iran or in attempt to assert its relevancy in the worldwide perception of its organization.

⁷⁹ Robert S. Mueller, III, Director, Federal Bureau of Investigation, testimony before the Senate Committee on Intelligence of the United States Senate, February 16, 2005.

operatives across the Mexican border into the United States. He further noted that “this was an occasion on which Hezbollah operatives were assisting others with some association with Hezbollah in coming into the United States.” The Director testified that this particular Hezbollah effort was dismantled and the individuals that had been smuggled in were identified.⁸⁰ Though the disruption of this group’s effort was heralded as good news, some analysts are concerned that other Hezbollah human and material smuggling efforts may not have been detected.

A January 2005, multi-year planning document authored by the Department of Homeland Security (DHS) concludes that Hezbollah is unlikely to attack the U.S. homeland. As recently as July 16, 2006, the DHS and FBI issued a joint threat bulletin stating that although there was no specific or credible information suggesting an imminent threat to the United States, “vigilance is urged during this heightened state of tension in the Middle East.” Shortly thereafter, on July 18, 2006 Iranian Hezbollah’s spokesman Mojtaba Bigdeli stated that “2000 volunteers have been trained and are ready to be dispatched to every corner of the world to jeopardize Israel and America’s interests. They only await the Supreme Leader’s green light to take action. If America wants to ignite World War Three, we welcome it.”⁸¹ Media reports indicate that in response to the recent military operations between Israel and Lebanese Hezbollah, the FBI has increased surveillance and is re-energizing investigations of known and suspected Hezbollah agents and supporters residing in the U.S. Reflecting on the current situation in the Middle East, William Kowalski, Assistant Special Agent In Charge of the FBI Field Office in Detroit, questioned “if the situation escalates, will Hezbollah undertake an attack in the United States?”⁸²

Possible Oil Market Disruption⁸³

Crude oil is widely traded on an international basis. Trading takes place on several well-recognized commodity exchanges, as well as among private parties. The volatility of these markets — and the participation of speculators — has increased during the past several years. As a result, oil markets are susceptible to traders’ perceptions of risk associated with geopolitical developments. Prices can fluctuate greatly, for example, on developments in Israel and Lebanon. Many see recent developments there as having led crude oil to a new price peak exceeding \$76 per barrel.

Traders see the world’s supply oil shipped through the Persian Gulf’s Strait of Hormuz as potentially at risk, and this has a direct impact on prices. About 19 million barrels per day (mbd) — 22% of the 85 mbd consumed globally — flows through the Persian Gulf. Were a credible threat to be made to interdict shipping in the Strait, trading markets would instantly re-price all the world’s oil upward. Additionally,

⁸⁰ Robert S. Mueller, III, Director, Federal Bureau of Investigation, testimony before the U.S. House of Representatives Committee on Appropriations Subcommittee on Science, State, Justice, Commerce, and Related Agencies March 28, 2006.

⁸¹ Iran’s Hizbollah says ready to attack US and Israel, Reuters, 18 July, 2006.

⁸² FBI Eyes Hezbollah in U.S. as Tensions with Iran Rise, Reuters, July 18, 2006.

⁸³ This section was prepared by Larry Kumins, Specialist in Energy Policy, on July 20, 2006.

insurers of marine cargos transiting the waterway would react to the same risks, increase insurance premiums, and add higher cost to consumers' oil bills.

Another kind of risk that trading markets evaluate and price is the possibility that Iran, or other producers, might unilaterally cut oil exports. Iran currently exports about 2.7 mbd., about 3% of world consumption. Iran could theoretically halt all or some part of its exports, although significant domestic financial constraints make this less likely. Given the extremely limited amount of spare production capacity and the tight balance between present supply and demand, even a partial cessation of exports from Iran would have a profound impact on prices, which would likely set another record high.

Appendix A

Chronology of Recent Events⁸⁴

WEDNESDAY, JULY 12

Ground war

In a cross-border raid, Hezbollah guerrillas seize two Israeli soldiers before retreating back into Lebanon, insisting on a prisoner exchange and warning against confrontation. Israeli Prime Minister Ehud Olmert describes the capture of the soldiers as “an act of war.” Israel calls up reserve troops as it pledges a swift and large-scale response to the Hezbollah attack.

Air war

Hezbollah fighters based in southern Lebanon launch Katyusha rockets across the border with Israel, targeting the town of Shlomi and outposts in the Shib’aa Farms area. In response Israeli planes bomb Hezbollah positions in southern Lebanon.

Casualties

Eight Israeli soldiers are killed and two others are injured during fighting with Hezbollah.

THURSDAY, JULY 13

Air war

After a night of Israeli air raids across southern Lebanon, Israeli jets strike the runways at Beirut’s Rafik Hariri International Airport forcing the airport to close. As night falls a Hezbollah-fired rocket hits Israel’s third-largest city, Haifa.

Casualties

Reports emerge of significant numbers of civilian casualties in Lebanese towns and villages close to Israeli targets, with at least 35 people reported killed. Two Israeli civilians are reported killed by rockets or mortar shells fired into Israel.

Diplomatic

U.S. President George W. Bush asserts that Israel has a right to defend itself from attack, but France, Russia and the European Union call Israel’s use of force “disproportionate” to the initial Hezbollah kidnaping operation.

FRIDAY, JULY 14

Air war

Hezbollah leader Sheikh Hassan Nasrallah promises “open war” against Israel after his offices in Beirut are bombed. The strikes are part of Israel’s ongoing operation against targets across Lebanon. Bridges, roads and fuel depots are hit, with new

⁸⁴ Prepared by Lyle Minter, using the following sources: BBC News at [http://news.bbc.co.uk/2/hi/in_depth/middle_east/2001/israel_and_the_palestinians/default.stm] and *The New York Times* at [<http://www.nytimes.com>].

strikes against the Beirut airport. The main highway connecting Beirut and Damascus, Syria, is bombed. Off the coast of Lebanon, an Israeli ship is hit by an Iranian-supplied Hezbollah missile guided by on-shore radar.

Casualties

The number of Lebanese civilians killed in the strikes rises above 50. Two Israelis are killed by rocket strikes.

Diplomatic

The United Nations Security Council in an emergency meeting calls for an end to the Israeli operation, saying it is causing the death of innocent civilians. Iran's president warns that any Israeli attack on Syria, seen as a sponsor of Hezbollah, will provoke a "fierce response."

SATURDAY, JULY 15

Air war

Israel expands its strikes in Lebanon, attacking a large number of targets including radar installations in the northern Lebanese port city of Tripoli. The headquarters of Hezbollah are destroyed in southern Beirut. Hezbollah responds by firing Katyusha rockets on the town of Tiberias in its deepest attack into Israel so far.

Casualties

Sixteen Lebanese fleeing a village on the Israeli border are killed when their vehicles are struck with missiles on the road to the southern city of Tyre.

Diplomatic

Arab League Secretary General Amr Moussa says the Middle East peace process is dead and calls on the U.N. Security Council to tackle the crisis. Lebanon's prime minister says his country is a "disaster zone" and calls for international help. Speaking ahead of the G-8 meeting in St Petersburg, U.S. President George W. Bush blames Hezbollah for the crisis and urges Syria to put pressure on the militants. Russian President Vladimir Putin, is critical of Israel's bombing campaign, saying that the "use of force should be balanced."

SUNDAY, JULY 16

Air war

Hezbollah rockets kill eight Israelis in the coastal city of Haifa in the worst attack on Israel since the fighting started. Israeli Prime Minister Ehud Olmert says that the Haifa attack will have "far-reaching consequences."

Casualties

Israeli air-raids kill at least 23 people in southern Lebanon, including 16 in the city of Tyre. Eight Canadians of Lebanese origin are killed in a village about 33 miles (50 kilometers) south of Beirut.

Diplomatic

Leaders of the G-8 nations meeting in St Petersburg blame extremist forces for the crisis, but call on Israel to end military operations.

MONDAY, JULY 17

Air war

Israel extends its air strikes to the north, killing at least 15 people in and around Tripoli, Lebanon's second-largest city. Other targets include the nearby port of Abdeh; the capital, Beirut; and the eastern city of Baalbek. Hezbollah continues to fire rockets into Israel. One hits a block of flats in Haifa, injuring at least four people. In a barrage of Hezbollah rocket fire in the evening, one lands near a hospital in Safed, reportedly injuring six people.

Casualties

Ten people are reportedly killed driving across a bridge south of Beirut as Israeli missiles strike. Nine Lebanese soldiers die in an Israeli attack on the port of Abdeh.

Evacuation of foreign nationals

The international community steps up its evacuation of foreigners from Beirut, as thousands of Lebanese flee their homes.

Diplomatic

In Israel, Prime Minister Ehud Olmert says the attacks will go on until two captured Israeli soldiers are freed, Hezbollah is disarmed, and the Lebanese army controls the south. U.N. chief Kofi Annan and UK Prime Minister Tony Blair suggest sending an international force in Lebanon to halt the Hezbollah attacks, but Israel says it is too soon to consider such a move. Lebanon's President, Emile Lahoud, insists he will never betray Hezbollah and its leader, Sheikh Hassan Nasrallah.

TUESDAY, JULY 18

Air war

Israeli strikes continue for a seventh day, again hitting southern Beirut and also the southern coastal city of Tyre. Hezbollah rockets continue to target the Israeli port city of Haifa.

Casualties

Eleven Lebanese soldiers die in an air attack on their barracks east of Beirut, while nine bodies are pulled from the rubble of a building in the town of Aitaroun. The number of Lebanese killed since the start of Israel's offensive reaches about 230, with 25 Israelis killed.

Evacuation of foreign nationals

One hundred and eighty Britons are evacuated from Beirut on the naval warship HMS Gloucester. The group, which sails overnight to Cyprus, are the first of thousands of U.K. citizens expected to be evacuated in the coming days. They join 1,600 Europeans transferred to Cyprus on Monday and Tuesday by France and Italy.

Diplomatic

The U.N. warns of a humanitarian disaster as Lebanese flee their homes, with air strikes on roads and bridges hampering efforts to help them.

WEDNESDAY, JULY 19

Ground war

Israeli troops cross into southern Lebanon to carry out what the army called “restricted pinpoint attacks.” Two Israeli soldiers die in clashes with Hezbollah fighters inside Lebanon.

Air war

Meanwhile, Israeli strikes hit Hezbollah positions in Beirut, as well as targets in southern and eastern parts of the country. The Israeli military says its aircraft dropped 23 tons of explosives in an evening raid on a bunker in south Beirut where senior Hezbollah leaders, possibly including Sheikh Hassan Nasrallah, were hiding. But Hezbollah denies any of its “leaders or personnel” were killed and says the Israeli raid hit a mosque under construction rather than a bunker. Rockets fired from Lebanon strike the northern Israeli city of Haifa, and kill two children in the Israeli Arab city of Nazareth. They are the first Arab Israelis to die in the rocket attacks.

Casualties

More than 60 Lebanese civilians are killed in raids — 12 in the southern village of Srafa, near Tyre, six in the southern town of Nabatiyeh, and many more elsewhere in the south as well as Baalbek in the east. At the border, two Israelis are killed in clashes with Hezbollah militants, and two Israeli-Arab children are killed in Nazareth.

Evacuation of foreign nationals

Thousands of people continue to flee Lebanon. A British warship arrives in Cyprus, carrying the first 180 British citizens. A Norwegian ferry takes hundreds of Norwegians, Swedes and Americans to Cyprus, while a U.S.-chartered ship docks in Beirut to evacuate U.S. and Australian citizens.

Diplomatic

After meeting Israeli Foreign Minister Tzipi Livni, the European Union’s foreign policy chief, Javier Solana, says he has seen the suffering of Lebanese civilians and it is nothing to do with the battle against Hezbollah — it was “disproportionate.” But Ms. Livni says the Israeli military response is proportionate to the threat posed by Hezbollah to the entire region.

THURSDAY, JULY 20

Ground war

Heavy fighting erupts between Israeli troops and Hezbollah militants inside Lebanon’s border with injuries on both sides, the Israeli military says.

Air war

Israel continues its bombing of Lebanon, carrying out 80 air strikes early in the day.

Evacuation of foreign nationals

The mass evacuation of foreign nationals continues. Forty US marines come ashore to help U.S. citizens — the first presence of US troops in Lebanon since Hezbollah militants blew up a marine barracks in Beirut in 1983, killing 241 personnel.

Diplomatic efforts

The United Nations warns that without a truce allowing aid agencies to begin the relief effort there will be a “catastrophe.” U.N. Secretary General Kofi Annan and US Secretary of State Condoleezza Rice are to meet later on Thursday to discuss the crisis.

Appendix B**Chronology of Conflict on the Israeli-Lebanese-Syrian Border**

December 1968	Israeli commandos destroy 13 passenger planes at the Beirut airport, in reprisal for attack by Palestinian terrorists trained in Lebanon on an Israeli airliner in Athens.
March 1978	Israel invades south Lebanon and sets up a roughly 10-km (6-mile) occupation zone. Most troops withdraw within weeks, leaving a security area held by Israel’s Lebanese Christian allies, the South Lebanon Army (SLA).
January 1979	Israeli agents detonate a car bomb in west Beirut, killing Ali Hassan Salameh, security chief of the Black September group. Salameh, known as Abu Hassan, was one of the plotters of the Munich Olympics attack against Israeli athletes in 1972.
June 1982	Terrorist and rocket attacks by Lebanon-based Palestinian groups and Israeli counter-strikes culminate in Israeli invasion of Lebanon. Syrian army ousted from Beirut and thousands of Palestinian guerrillas under Yasser Arafat depart for Tunisia by sea.
September 1982	Israel captures Beirut after pro-Israel Christian leader Bashir Gemayel, who had been elected president, is assassinated. Hundreds of civilians in Palestinian refugee camps of Sabra and Shatila are killed by Christian militiamen allied with Israel.
May 1983	Israel and Lebanon sign peace agreement under U.S. patronage. Syria opposes it, and it is never ratified.
March 1984	Peace agreement with Israel is cancelled and Lebanese President Amin Gemayel breaks with Israel under Syrian pressure.
June 1985	Israel pulls back to a self-declared 15-km (9-mile) border security zone in south Lebanon controlled by Israeli forces and their Lebanese militia allies.
February 1992	Israeli helicopter gunships rocket car convoy in south Lebanon, killing Hezbollah leader Sheikh Abbas Musawi, his wife and six-year-old son.
July 1993	Hezbollah launches rocket attacks on northern Israel. Israel unleashes “Operation Accountability,” a week-long air, artillery and naval operation.

April 1996	After Hezbollah began shelling towns in northern Israel, Israel launched “Operation Grapes of Wrath,” a 17-day campaign against Hezbollah positions in south Lebanon. On April 18, Israeli artillery fire targeting Hezbollah rocket crews falls in and around a U.N. refugee camp near the village of Qana, killing 91 civilians and sparking international calls for an immediate ceasefire, achieved on April 26.
June 1999	The South Lebanon Army retreats from the Jezzine enclave north of the Israeli zone it held for 14 years.
May 2000	Israel ends 18-year occupation of south Lebanon. On June 18, 2000, the U.N. Security Council certifies Israel’s withdrawal in accordance with U.N. Security Council Resolution 425 (1978).
October 2003	After a suicide bombing in Haifa killed 20 Israelis, Israel launches air strikes against an alleged terrorist training camp at Ain Saheb, northwest of Damascus, Syria.
September 2004	Months before the assassination of former Lebanese Prime Minister Rafiq Hariri, which was widely blamed on Syrian agents, the U.N. Security Council passed Resolution 1559 calling for withdrawal of “foreign forces” from Lebanon (Syria) and disarming of militia, such as Hezbollah.

Source: Reuters, “Chronology - Israel’s interventions in Lebanon,” July 19, 2006.

Appendix C

U.S. Sanctions

Iran. Iran is also denied investment dollars intended for development of its petroleum industry under the Iran and Libya Sanctions Act of 1996.⁸⁵ Sanctions available under this act, to be imposed on those who engage in unlawful investment in Iran, include a prohibition on Export-Import Bank funds, prohibition on exports, denial of loans from U.S. financial institutions, denial of rights to financial institutions to participate as a dealer in U.S. debt instruments, denial of procurement contracts, and any other transaction the President wishes to restrict if the authority to do so also is stated under the International Emergency Economic Powers Act (IEEPA). Petroleum-related investments are restricted also by Executive Order, and all new investments, regardless of the industry, are also restricted under the IEEPA.⁸⁶

⁸⁵ P.L. 104-172 (50 U.S.C. 1701 note). This act no longer applies to Libya, following the President’s determination that the country was in compliance with terms of the act (Presidential Determination No. 2004-30; 69 F.R. 24907; May 5, 2004).

⁸⁶ Petroleum-related investments in Executive Order 12957 (March 15, 1995; 60 F.R. 14615; 50 U.S.C. 1701 note); other new investments in Executive Order 12959 (May 6, 1995; 60 F.R. 24757; 50 U.S.C. 1701 note); and a consolidation of earlier orders in Executive Order 13059 (August 19, 1997; 62 F.R. 44531; 50 U.S.C. 1701 note).

Syria. Although Syria has been identified as a state sponsor of acts of international terrorism since 1979, regulations that implement restrictions on trade and transactions with that country are less restrictive than those that pertain to other designated countries, reportedly because Syria is considered instrumental in the Middle East peace process. Congress took this into account when it sent the Syria Accountability and Lebanese Sovereignty Restoration Act of 2003 to the President.⁸⁷ The act, triggered by increasingly organized and forceful efforts in Lebanon to shed itself of foreign forces, and reflecting recent statements from the Bush Administration targeting Syria's involvement with terrorism, development and trade of weapons of mass destruction, and support of the insurgency in Iraq, requires the President to curtail trade and transactions until certain conditions are met. The act requires the denial of export licenses for any item on the U.S. Munitions List (USML) or Commerce Control List (CCL). The act also requires the President to impose two or more of the following restrictions:⁸⁸

- prohibit export of all products (except food and medicine, as made exempt by the Trade Sanctions Reform Act of 2000);
- prohibit investment in Syria;
- restrict travel of Syrian diplomats to only the environs of Washington, D.C. and the United Nations in New York;
- prohibit Syrian-owned air traffic in or over the United States;
- reduce diplomatic contact; and
- block transactions in property.

The President implemented terms of the Syria Accountability and Lebanese Sovereignty Restoration Act on May 11, 2004, by complying with the mandatory restrictions on USML and CCL exports, and by prohibiting U.S. exports and restricting Syrian air traffic.⁸⁹

⁸⁷ P.L. 108-175 (22 U.S.C. 2151 note).

⁸⁸ The act provides the President the authority to waive the application of sanctions if he finds it in the national security interest of the United States to do so (§ 5(b)).

⁸⁹ Executive Order 13338 (69 F.R. 26751; May 13, 2004). The Order also cited the National Emergencies Act and the International Emergency Economic Powers Act as its underlying statutory basis.

Lebanon. For fiscal year 2003 and each fiscal year thereafter, of any Economic Support Funds allocated or obligated to Lebanon, \$10 million shall be withheld:

- unless and until the President certifies...that
- (1) the armed forces of Lebanon have been deployed to the international recognized border between Lebanon and Israel; and
 - (2) the Government of Lebanon is effectively asserting its authority in the area in which such armed forces have been deployed.⁹⁰

To date, the President has not certified that these conditions have been met.

Hamas and Hezbollah. In 1995, the President identified Hamas and Hezbollah as Specially Designated Terrorists (SDT) that threaten to disrupt the Middle East peace process and authorized the blocking of all assets and of transactions with persons associated with either organization.⁹¹ Subsequent legislative and executive initiatives led to the creation of several other lists. Enactment of the Anti-Terrorism and Effective Death Penalty Act of 1996, which also authorizes deportation or exclusion from entry into the United States, generated the Foreign Terrorist Organization (FTO) list.⁹² The President issued an Executive Order to create the Specially Designated Global Terrorists (SDGT) list in the wake of events of September 11, 2001.⁹³ All these lists were subsequently consolidated into one Specially Designated Nationals and Blocked Persons list (the “SDN list”), administered by the Department of Treasury’s Office of Foreign Assets Control in 2002.⁹⁴ Hamas and Hezbollah, or individuals associated with each, are on each of the lists.

⁹⁰ § 1224 of the Security Assistance Act of 2002 (division B of the Foreign Relations Authorization Act, Fiscal Year 2003; P.L. 107-228; 22 U.S.C. 2346 note).

⁹¹ Executive Order 12947 (January 23, 1995; 60 F.R. 5079; 50 U.S.C. 1701 note). Each of the executive orders cited in this paragraph are issued under the authority vested in the President in the National Emergencies Act (P.L. 94-412; 50 U.S.C. 1601 *et seq.*), and § 203 of the International Emergency Economic Powers Act (P.L. 95-223; 50 U.S.C. 1702).

⁹² Anti-Terrorism and Effective Death Penalty Act of 1996 (P.L. 104-132), particularly as it amends the Immigration and Nationality Act at § 219 (8 U.S.C. 1189).

⁹³ Executive Order 13224 (September 23, 2001; 66 F.R. 49079).

⁹⁴ Office of Foreign Assets Control SDN list: [<http://www.treas.gov/offices/enforcement/ofac/sdn/index.shtml>]