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The Biden administration reportedly seeks a normalization agreement between Israel and Saudi Arabia by the end of 2023. If delivered, a Saudi-Israeli deal would mark a major breakthrough in Middle East politics.

This report analyzes the prospects for normalization between Israel and Saudi Arabia, analyzes the political and policy constraints on all sides, and makes specific recommendations for how the United States, Israel, Saudi Arabia, and the Palestinian Authority should proceed in order to arrive at an agreement that advances regional normalization while also benefiting the Israeli-Palestinian sphere.

## Background

Saudi Arabia has long supported establishing relations with Israel once Palestinian statehood is achieved. This was the basis for the 2002 Arab Peace Initiative, which the Arab League unanimously endorsed in 2007. U.S. and Israeli leaders have supported aspects of the API but never adopted it as policy.

## Recent Incremental Steps

A number of incremental steps signify progress toward normalization, including business exchanges, Saudi Arabia opening its airspace to Israeli airlines, Prime Minister Netanyahu being interviewed on Saudi state media, and clandestine meetings between high-level Israeli and Saudi officials. The issue of direct flights between Israel and Saudi Arabia to facilitate the annual Hajj pilgrimage for Muslim Israelis reportedly remains under discussion between Israel and Saudi Arabia.

## Constraints

A prospective Israel-Saudi agreement still faces a number of constraints, including:

- **Saudi demands:** From the U.S., the Saudi demands may include NATO-esque security guarantees, support for a civilian nuclear energy program, and pulling back limits on U.S. weapons sales to the kingdom. The United States should not, and likely would not, unquestioningly fulfill these requests, as they are not in accord with U.S. interests. From Israel, the Saudis could require meaningful steps toward Palestinian statehood.
- **Israeli domestic politics:** Extremists in Netanyahu's government would likely be unwilling to compromise on the Palestinian issue in exchange for Saudi normalization.
- **U.S. domestic politics:** Saudi Arabia is deeply unpopular on Capitol Hill and the administration faces a complicated political environment in mobilizing support for an Israel-Saudi deal.
- **Saudi Arabia may not be ready for full normalization:** Given friction between Biden and Netanyahu, Riyadh may no longer see normalization with Israel as benefiting its relationship with Washington. Public opinion in the kingdom also remains strongly against normalization.

## Recommendations

- **The United States should** remain active in leading the normalization process to ensure that is used to further the goal of a two-state outcome. It should also work to mobilize support from Jordan and Egypt.
- **Saudi Arabia should** clarify its demands of Israel, particularly with regards to the Palestinian issue; ask Israel for a public commitment to the spirit of the API; and restore aid to the Palestinians, invest in Palestine, and use economic leverage to push for Palestinian reforms.
- **Israel should** re-commit to forgoing annexation and creeping annexation, bolster PA sovereignty in the West Bank through economic and territorial measures, and restore and maintain the status quo in Jerusalem and on the Temple Mount.
- **The Palestinian Authority should** conduct governance and economic reforms in exchange for the restoration of Saudi aid.