



ISRAEL MATTERS!

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Israel Condemns Plan in Washington to Work With Palestinian-Hamas Alliance

Israel Says Iran Giving 'False Explanations' to U.N.

Israel has condemned as unacceptably slow Iran's cooperation with a U.N. watchdog inquiry into suspected nuclear bomb research and accused Tehran of providing "false" explanations for its disputed activities. Iran, which says its nuclear program is peaceful and that it is Israel's assumed atomic arsenal that threatens Middle East peace, insisted there had been "steady and constant progress" in its cooperation with the International Atomic Energy Agency.

Western envoys cautiously welcomed Iran's increased nuclear transparency, while also calling for Tehran to pick up the pace of its cooperation. But Israel's ambassador suggested Iran was just trying to buy time while pressing on with its nuclear work. Israeli Prime Minister Benjamin Netanyahu has complained that sanctions on Iran are being eased prematurely.

Israel is deeply skeptical of U.S.-led efforts to reach a final international accord to scale back a nuclear program which Iran says is for energy purposes but the West fears may be a covert bid to develop the means and expertise to build bombs.

"This pace of investigation is unacceptable ... Iran will continue to provide false explanations and to hide the true nature of its activities," said Israeli Ambassador Merav Zafary-Odiz.

"We do not recognize the ... unsubstantiated allegations," Iran's ambassador to the IAEA said in response.

[Reuters]

Israeli Prime Minister Benjamin Netanyahu was quoted recently as saying that he was "deeply troubled" by the Obama administration's decision to work with the new Palestinian government, signaling new strains in the often rocky relationship between Israel and the United States, two close and critical allies.

Because the new government grew out of an agreement with Hamas, an Islamist movement that the West considers a terrorist group, Mr. Netanyahu exhorted the world to reject the pact with Hamas leaders also used un- language to condemn willingness to work ment Mr. Abbas "American naïveté records," said Gilad from Mr. Netanya-

Other Israeli usually harsh Washington's with the govern- swore in. has broken all Erdan, a minister

hu's right-wing Likud Party. The leader of the nationalist Jewish Home faction, Naftali Bennett, said the American decision "sends a message that terrorism pays." Even Nachman Shai, a lawmaker with the left-leaning Labor Party, called the step "a slap in the face from the Americans."

Ron Dermer, Israel's ambassador to the United States, rebuked both the new Palestinian government and his host country's embrace of it, posting on Facebook that "with suits in the front office and terrorists in the back office, it should not be business as usual."

Mr. Abbas promised that the new government would follow his policy of recognizing Israel, renouncing violence, and adhering to prior Palestinian-Israeli agreements, things that Hamas refuses to do. The prime minister, Rami Hamdallah, gave similar assurances in a meeting with European diplomats after the cabinet's first meeting.

Though United States law bars financing any Palestinian government under "undue influence by Hamas," Jen Psaki, the State Department spokeswoman, said, "With what we know now, we will work with this

"Israel is deeply disappointed with the [US] State Department's comments ... on the Palestinian unity government with Hamas, a terrorist organization responsible for the murder of many hundreds of Israelis, which has fired thousands of rockets at Israeli cities, and which remains committed to Israel's destruction."

- Ambassador Ron Dermer

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government.” The statement appeared to widen fissures between the United States and Israel.

Mr. Netanyahu has been highly critical of President Obama’s approach to nuclear talks with Iran. He and others were irked by comments from the president and his aides placing much of the blame for the breakdown in American-brokered peace talks in April on Israel’s continued construction in West Bank settlements. Recent news reports alleging that Israel had spied on Americans added to the tensions. “We’ve had disagreements over settlements, over Jerusalem — I see this as more fundamental; it’s a source of grave concern,” said Michael B. Oren, Israel’s previous ambassador in Washington. “It delivers a blow to American credibility, and American credibility is cardinal here,” Mr. Oren added. “Because at the end of the day, if Israel is going to make concessions for peace, is going to take risks for peace, we have to rely on our alliance with the United States. There has to be deep trust.”

Several Israeli officials, speaking on the condition of anonymity to protect internal discussions, said they were stunned by Washington’s decision. Mr. Netanyahu told his inner cabinet that the Americans intended to “wait awhile” before deciding how to deal with the new government. For weeks, the Americans had told Mr. Netanyahu and his aides that they would withhold judgment until the new government was officially formed, and some were skeptical that it would even happen, since previous reconciliation deals between Hamas and Mr. Abbas’s faction, Fatah, never bore fruit. Once the ministers were sworn in, Washington had to decide whether money could continue flowing to the Palestinian Authority to sustain its aid programs and pay its employees.

Congress may yet try to force the Obama administration to reverse course. The essence of the dispute is over how much sway Hamas will have over the new government. Israeli officials insist that they had clear commitments from the Obama administration — in 2011 and again in 2013 — that Washington would support Israel’s refusal to negotiate with any government even “backed by Hamas.”

Marie Harf, a State Department spokeswoman, said that Washington had consistently said its test would be whether a Palestinian government included Hamas members as ministers. “Our position on Hamas has in no way changed, period, full stop,” Ms. Harf said.

But Mr. Bennett, Israel’s economy minister, said in an interview, “We feel that the red lines have been blurred and crossed.” “Regardless of the practical issues, the resounding message is that the world’s leading nation is talking to a government backed by one of the deadliest terrorist groups,” he said. “There’s only so much we can play charades.”

[NYTimes]

Israel’s Tech Industry Is Becoming All About “China, China, China”

Attendees at a recent technology conference in Tel Aviv took home mock boarding passes to Shanghai, Shenzhen and Hangzhou. Those are among the stops on a 10-day road show across China in November, where the Israeli government plans to showcase the country’s life-sciences companies.

The gimmick highlighted Israel’s expanded focus on trade, particularly in technology, with the world’s most populous country. Some 350 Chinese businessmen and government officials convened at the event to meet with Israeli tech entrepreneurs and scientists.

“Israel is going east,” Nafatli Bennett, the country’s economy minister, said at the conference. “We are shifting our economic resources to Bangalore, Africa, and China, China, China.”

From tech to food, Israeli business with China has quickly heated up. In a recent deal, China’s Bright Food Group finally reached a preliminary agreement to buy a majority stake in Israel’s largest food maker, Tnuva Food Industries, for an estimated \$1 billion. Israeli Prime Minister Benjamin Netanyahu convened a ministerial committee to approve a five-year plan to double annual Israeli exports to China. The panel allocated 49 million shekels (\$14 million) a year to execute the program.

“China is Israel’s largest trading partner in Asia, and looking ahead, it seems it will soon become Israel’s largest trade partner in general,” said Netanyahu in a meeting with China Vice Premier Liu Yandong in May. “We admire China and are confident that Israel has made a contribution in these connections. One of these areas is innovation.” [Bloomberg]

US State Department to Review Visa Policy for Israelis

The State Department has sent a letter to Rep. Nita Lowey (D-NY) explaining steps it will take to help increase the number of young Israelis who can enter the United States. The letter comes in response to concerns expressed by Lowey as well as other members of Congress. Tourist visa refusal rates for Israelis who are 21 to 26 years old have doubled from 16 percent in 2009 to 32 percent in 2013.

Secretary of State Kerry instructed the State Department to conduct a review of visa policies and procedures, expand outreach and assistance to Israelis applying for visas, and develop recommendations for alternatives. In coordination with the Department of Homeland Security, the State Department will create a joint U.S.-Israeli working group to bring Israel closer to eligibility for the Visa Waiver Program. [AIPAC News Hub]

Israel – The Year in Review 2013 – 2014 •

From the economy to security to developments in the hi-tech industry and the beginning of natural gas sales, there was a lot to celebrate during the past year in Israel. In the face of war, anarchy, financial crises and debt meltdowns, Israel has bucked the tide.

ECONOMICS

- The year was a good one for Israel. Israeli GDP expanded 3.3%, almost three times the growth rates reported for fellow OECD (Organization for Economic Co-operation and Development) countries.
 - In January 2014 the government reported a higher-than-expected level of tax receipts, implying expanded economic activity.
 - Gas revenues are projected to add more money to government coffers. A recent report by Ernst and Young estimated the Tamar and Leviathan gas fields to be worth \$52 billion. The Tamar gas field is projected to boost Israeli GDP by 1.5% in 2014. The Leviathan field, which holds double the natural gas, is projected to be ready for production in three years.
 - Israel has announced plans to build 70,000 new housing units in the coastal city of Netanya.
 - New high-speed rail lines will reduce travel time between Tel Aviv and Jerusalem to 30 minutes by 2018. Expanded rail lines within the capital will enable the municipality to reach its goal of 100,000 new jobs over the next five years.
 - More than \$3.7 billion was invested in transportation infrastructure. Israel is working on freight lines from Eilat to the port cities of Ashkelon and Ashdod. The freight service will serve as an alternative to the Suez Canal, allowing countries in Asia to use a safer trade route to Europe.
 - Unemployment in 2013 in Israel, at 6.2 percent, was among the lowest in developed nations, including the United States (6.7%), and Europe (10.8%). Inflation stood at 1.8%, going down by over 50% in the past five years.
 - Natural gas discoveries off the coast of Haifa began turning a profit. Over 25% of the growth in Israel in 2013 came through sales of natural gas from the Tamar field. Reduction in energy imports have contributed to a fall in the Israeli trade deficit.
 - Industrial production grew by 3.7%, powered by Israel's high tech sector.
 - All Israeli initial public offerings and companies sold reached a new record of \$7.6 billion; 662 high-tech companies received funding of \$2.3 billion, the highest amount in a decade.
- An interesting development during the year was that Israel, Jordan, and the Palestinians were supposed to sign a Red Sea-Dead Sea Deal in which representatives of Israel, Jordan, and the Palestinians were expected to sign a "historic" agreement to link the Red Sea with the shrinking Dead Sea.
 - Under the agreement water was to be drawn from the Gulf of Aqaba at the northern end of the Red Sea of which some would be desalinated and distributed to Israel, Jordan, and the Palestinians, while the rest transferred in four pipes to the parched Dead Sea, which would otherwise dry out by 2050.
 - The project was to address two problems: the acute shortage of clean fresh water in the region, especially in Jordan, and the rapid contraction of the Dead Sea.
 - A new desalination plant is to be built in Aqaba, Jordan, to convert salt water from the Red Sea into fresh water for use in southern Israel and southern Jordan — each would get eight billion to 13 billion gallons a year.
 - How this deal will fare as a result of the PA-Hamas rapprochement remains to be seen.
 - During the year, Israel offered free education for toddlers, giving 290,000 children from ages three to four a free nursery school experience. The country also subsidized dental treatment for children under 12. More than 3 million children have enjoyed free dental care.
 - Israel-California business pact: To provide close connection between the tech hubs will produce "unimaginable fruits of innovation." "Israel is an innovation nation ... with tremendous energy and vitality, and it's my job to release that," said Netanyahu.
 - Netanyahu signed a strategic pro-business partnership with California Gov. Jerry Brown.
 - The deal will enable Israeli companies to access the California Innovation Network, a system of business incubators that includes clusters of research parks, university and federal labs, economic development groups and venture capital funds.
 - Israel's cabinet approved construction of a new high-speed train line between Tel Aviv and the southern port city of Eilat. The electrified rail line will reach top speeds of 186 miles per hour, allowing it to complete the trip in two and a half hours, reducing travel time from four or five hours by car or bus. The 220-mile long route will include 63 bridges and five tunnels. An estimated 5 million passengers a year are expected to ride the train once it goes into operation.

TOURISM

- A record 3.54-million tourists spent part of 2013 in Israel.
 - Some 776,000 visitors arrived in Israel between January and March 2014, an all-time record for the first quarter of the year.
- Israel has become a favorite among Chinese tourists. Israel has worked to encourage tourism from China by expanding bilateral cooperation, reforming visa process for Chinese visitors, and recruiting more Chinese tour guides.
 - The number of Chinese tourists visiting Israel rose by 30 percent in 2013, according to Israel's Tourism Ministry. It was reported that 30,000 Chinese arrived in Israel last year.
 - Chinese tourists spent an average of \$286 a day in Israel (not including souvenirs), more than tourists from other countries.
 - In response, Israel has been working on recruiting more Chinese tour guides, as well as providing special tour services, to accommodate more Chinese visitors.
 - Israel's goal is to attract 40,000 Chinese tourists in 2017, and 100,000 in 2020.

HUMANITARIAN AID

- During the year the IDF provided humanitarian aid to civilians in Syria and Philippines. With respect to the Syrian fighting, Israel has sent water and food, including baby food, across the border, and helped the Syrians prepare for winter.
- In the Philippines, a delegation from the IDF, composed of both medical professionals and Home Front Command search and rescue experts, focused on providing medical treatment to casualties of Typhoon Haiyan, and repairing damaged infrastructures such as schools and water facilities.
- Over a span of nearly two weeks, 2,686 patients, out of which 848 were children, were treated in the field hospital in Bogo City by IDF doctors. Medical treatment was also provided to people suffering from illnesses and other medical conditions.

DEFENSE

2013 in Israel was safer on all fronts. Some notable events:

- According to the Shin Bet security service, terrorism slowed dramatically in 2013 in Israel. There was a 97% reduction in rockets and mortars launched from Gaza. Only 74 projectiles were fired during the year. In the five-year period leading up to the Arab Spring, terror-related deaths were three times higher than in the past year.

- Israel was most likely responsible behind an attack on a Syrian air-defense base outside the east Mediterranean port of Latakia in which Russian-built surface-to-air missiles were said to have been destroyed. Previously, Israel was blamed for attacking another base near Latakia in which some of the 72 supersonic P-800 Yakhont anti-ship cruise missiles delivered from Russia in 2011 were reported destroyed. Israel was said to have carried out at least four strikes against targets in Syria during the year, all of them apparently hitting advanced weapons that Syrian president Assad was supposedly transferring to Hezbollah, or which the Israelis did not want to see fall into Hezbollah hands.
- An interesting development is that at least one attack against Syrian missiles involved a missile fired from an Israeli submarine in the Mediterranean. If ultimately substantiated, it would be the first offensive operation carried out by one of the German-built diesel-electric subs which reportedly are capable of launching nuclear-tipped cruise missiles.

FRUSTRATIONS AND FAILURES

- Peace talks: Moribund. Usual finger pointing. PA and Hamas agree to form a “unity” government.
 - Abbas was quoted as saying that Hamas would have nothing to do with the unity government's program or policies.
 - He told the US that the government would report to him, would recognize Israel's right to exist, and renounce violence.
 - Israel as a Jewish state: Per Mahmoud Abbas, “We have made it very clear that we are not going to sign any agreement that recognizes Israel as a Jewish state.”
- BDS (Boycott, Divestment and Sanctions) is not going away.
 - Example: Stephen Hawking, the world-renowned physicist and cosmologist, pulled out of a high-profile conference to be held in Israel during June to support an academic boycott of Israel. Hawking, 71, has suffered from motor neuron disease for the past 50 years, and relies on a computer-based system to communicate. In an exquisite example of hypocrisy, Hawking uses Israeli technology in the computer equipment that allows him to function.
- BDS Successes:
 - The Rolling Stones, presumed to be planning a concert in Israel are being urged to cancel by such groups as Pink Floyd.
 - Neil Young announced a concert in Israel that sparked outrage.

- Most notably, Scarlett Johansson surprised plenty of people by parting with the social justice charity Oxfam over her decision to star in a series of ads promoting Sodastream, an Israel-based company.
- Iran
 - The Commander of the Iranian Cyber War Headquarters was found dead in a wooded area near the town of Karaj, north-west of Tehran.
 - Five Iranian nuclear scientists and the head of the country's ballistic missile program have been killed since 2007. Israel's intelligence agency, the Mossad, has been accused of carrying out the assassinations.
 - There has been no concrete progress in convincing Iran to commit to ceasing its production of weapons grade fissile material.

MISCELLANEOUS EVENTS OF NOTE

A Russian probe into the death of Palestinian leader Yasser Arafat put to rest the persistent rumor that he was killed by radioactive poisoning at the hands of Israeli intelligence services. "It was a natural death; there was no impact of radiation."