

Heard on the Hill

Congress approves funds for U.S.-Israel missile program. Both houses of Congress gave final approval to \$155 million for joint U.S.-Israeli missile defense programs for technologies designed to intercept incoming ballistic missiles. These include the Arrow, which protects against inbound long-range missiles, and the David's Sling system, which targets shorter-range projectiles. Passed as part of the Defense Appropriations Act for fiscal year 2008, the package includes \$75 million more than the White House budget request. President Bush signed the bill into law.

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House condemns Iran's influence in Latin America. The House approved a resolution by voice vote expressing concern "over the emerging national security implications of the Iranian regime's efforts to expand its influence in Latin America." The resolution, cosponsored by Reps. RON KLEIN (D-FL) and CONNIE MACK (R-FL), notes Iran's close alliance with Venezuela, its sponsorship of Hizballah's 1994 attack against an Argentina Jewish community center and its money-laundering network on the borders of Brazil, Argentina and Paraguay that finances terrorism and drugs. The resolution also "calls on the United States government to work with governments in the Western Hemisphere to pursue an anti-terrorism campaign based on cooperation and constant vigilance."

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U.S. official: Syrian interference in Lebanon is unacceptable. Assistant Secretary of State David Welch recently told the House Foreign Affairs Subcommittee on the Middle East and South Asia that U.N. forces in Lebanon had not prevented arms smuggling from Syria and that Damascus must stop interfering in Lebanon's democratic processes. U.N. and Lebanese troops "have not significantly diminished the flow of weapons across the border from Syria," Welch said. He added that Syrian interference "in the peaceful and constitutional conduct of Lebanese elections will have very serious consequences." •NER•

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NEAR EAST

Report

NOVEMBER 16 – 30, 2007

**AIPAC'S BIWEEKLY ON AMERICAN
MIDDLE EAST POLICY**

EDITOR'S COMMENTS

Promising Step

The upcoming Middle East peace meeting in Annapolis could become a launching pad for substantive Israeli-Palestinian negotiations leading to a breakthrough between the two parties.

For this prospect to become a reality, the Palestinian Authority (PA) and Arab governments will need to match Israel's readiness to make painful compromises for peace.

Speaking at the Brookings Institution's Saban Forum in Jerusalem earlier this month, Prime Minister Ehud Olmert demonstrated remarkable goodwill when he stated, "We will not bargain about the right of the Palestinian people to their own state." Several days later, he told members of the West Bank Settlers' Council that Israel will have no choice but to make substantial territorial concessions in return for peace with the Palestinians.

In preparation for the meeting—scheduled for late November in Annapolis, Maryland—Olmert has extended several olive branches toward the Palestinians. He has announced that Israel will release hundreds of Palestinian prisoners, above and beyond those already let go in prior gestures.

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Atomic Aspirations

**NUCLEAR REPORT CONFIRMS IRAN
STILL ENRICHING URANIUM**

Iran has made significant progress in its nuclear program and has failed to answer key questions about its atomic activities, the International Atomic Energy Agency (IAEA) concluded in a recent report.

The IAEA findings confirm that Iran is operating close to 3,000 centrifuges at its Natanz facility—a tenfold increase from a year ago. With that level of enrichment, experts say Tehran could produce enough enriched uranium for an atom bomb in a year. The U.N. Security Council has passed two rounds of sanctions requiring Tehran to suspend its enrichment of uranium.

Despite the Security Council require-



Photo by the Associated Press

Iranian president Mahmoud Ahmadinejad speaks at a ceremony at the Natanz enrichment facility.

ments, Iranian President Mahmoud Ahmadinejad declared recently that Iran will "not give up one iota" of its nuclear "rights."

The IAEA also said that "the Agency has not received the type of information that Iran had previously been providing," adding that as a result, its "knowledge about Iran's current nuclear programme is diminishing."

As the agency prepared its report, Iran refused to make top-level nuclear scientists available for questioning and denied a request by IAEA chief Mohammed ElBaradei to interview Iran's supreme leader, Ayatollah Ali Khamenei. Agency officials were also denied a visit to an advanced testing facility.

Highlighting Tehran's ongoing obfuscation, the report pointed out that Iran's assurances that its nuclear program was for ...see *Atomic Aspirations cont'd* on pg. 82

Peak Experience

AN INSPIRING ARRAY OF TOP THINKERS AND POLICYMAKERS MET AT THE AIPAC NATIONAL SUMMIT IN PHILADELPHIA TO EXPLORE THE KEY ISSUES FACING AMERICA AND ISRAEL

Pro-Israel activists recently joined top thinkers and policymakers for the exclusive AIPAC National Summit in Philadelphia, PA.

The October event drew dozens of elite political and opinion leaders from across the U.S. and Israel for discussions about the future of not only the U.S.-Israel relationship, but the greater Middle East as well.

Top Policymakers and Political Pundits Addressed Pressing Issues

A bipartisan lineup of New Jersey and Pennsylvania Senators and more than a dozen House members spoke at a gala Congressional dinner at the Philadelphia Museum of Art. Elected officials from across the mid-Atlantic spoke passionately about why they believe in strong U.S.-Israel relationship.

Zalmay Khalilzad, America's Ambassador to the U.N., lamented the scourge of Islamic extremism and affirmed the importance of empowering moderates across the Muslim World and beyond. A native Afghan, Khalilzad outlined U.S. efforts to improve Israeli-Palestinian relations and pointed to the importance of preventing Iran from assembling a nuclear weapon.

A Summit highlight was a light-hearted political roundtable of former Republican National Committee chief Ken Mehlman, democratic strategist Donna Brazile, editor of *The Weekly Standard* Bill Kristol and CNN commentator Paul Begala. Delighting delegates, the bipartisan panel provided an inside look at the intersection of party politics, ongoing support for the U.S.-Israel relationship and the presidential election cycle.

Israel's Minister of Defense Ehud Barak thanked AIPAC supporters live via satellite for their ongoing dedication. The Jewish state's most decorated soldier and former prime minister, Barak spoke passionately about the threat of Iran, Israel's relations with the Palestinians and the danger posed by Iran-backed Hamas terrorists in the Gaza Strip.

An Extraordinary Event Brought Pro-Israel Activists Together

More than 1,100 delegates and 150



At a gala event on the steps of the Philadelphia Museum of Art, more than a dozen House members and Senators from Pennsylvania and New Jersey spoke about U.S.-Israel ties.



U.S. Ambassador to the U.N. Zalmay Khalilzad discussed the threat of radical Islam and the need to boost moderates in the Arab world.



An elite panel of political pundits held a lively roundtable on party support for a strong U.S.-Israel relationship and the ongoing fight for the White House.



Israel's Minister of Defense Ehud Barak thanked delegates live via satellite for their ongoing partnership with Israel and highlighted the panoply of threats facing the Jewish state.



Two living legends, Elie Wiesel and Natan Sharansky, spoke about the necessity of containing Iran's radical ambitions and the inherent value of the U.S.-Israel bond.

students took part—making it the largest-ever National Summit. At the event, participants had the opportunity to interact with high-level American and Israeli policymakers, Middle East experts and political pundits.

Delegates heard from experts in a variety of settings—including elegant plenaries, intimate breakout sessions and interactive briefing theaters—a new format incorporating wall-sized maps, vibrant multimedia and expert commentary.

One briefing theater took delegates on an interactive tour across the Middle East for a detailed look at threats facing Israel and U.S. interests in the region. In another, participants took a unique look at the special friendship between two great democracies—the United States and Israel.

Inspirational Speakers Engaged Delegates

Distinguished speakers motivated participants with personal stories illustrating the shared values of the United States and Israel.

Two luminaries of the Jewish people, Nobel Laureate Elie Wiesel and former Soviet dissident Natan Sharansky, inspired delegates with their heartfelt stories of personal redemption.

Sharansky, who was sent to Siberia for attempting to emigrate to Israel, described how students and housewives sparked a movement that eventually triggered a historic exodus and altered history.

Elie Wiesel emphasized the centrality of Israel in Jewish life and the struggle for survival that has spanned thousands of years. Echoing Sharansky's remarks, Wiesel emphasized that Iran must never become nuclear.

Delegates were also enthralled with Dr. Gerald Chinedu Nkwocha, a Nigerian physician who trained in Israel and returned home to provide medical care to thousands of people.

The 2008 AIPAC Policy Conference, coming June 2-4, 2008, is open to all AIPAC members. The 2008 National Summit will take place next fall in Chicago, October 2-4, 2008. Visit www.aipac.org for more information. •NER•

Escalating Costs

TOUGH NEW U.S. SANCTIONS RATCHET UP THE PRESSURE ON THE ISLAMIC REPUBLIC AS INTERNATIONAL COMPANIES REASSESS THE ESCALATING RISKS OF DOING BUSINESS THERE

Several of Europe's largest banks announce that they are pulling out of Tehran. Russia's second largest oil company, Lukoil, cancels a major project in Iran. India's Essar Group, meanwhile, backs away from plans to develop a major new oil refinery there.

What do these business decisions have in common? All are tied to the increasing difficulty of doing business in Iran. Primarily the result of sanctions imposed by the United States and the international community, many companies are coming to the conclusion that the increasing risks of working in Iran are simply too high.

Additional sanctions, recently announced in a joint statement by the Treasury and State Departments, designated Iran's Islamic Revolutionary Guard Corps (IRGC) and its al-Quds Force as foreign terrorist groups. They also link a number of state-owned banks to the IRGC and severely restrict their ability to do business.

Sanctions Target the IRGC, Blocking Funds for Nuclear Work and Terrorism

The new label prohibits firms from doing business in the United States if they continued to deal with the IRGC. Iran's 125,000-member elite military force, the Guard is actively developing Tehran's illicit nuclear program and other military technologies that threaten the region.

Heavily involved in the development of the Natanz uranium enrichment plant, the Guard has also helped develop and test Iran's Shihab-3 ballistic missile, which has a range of 1,600 kilometers and can strike Europe, Israel and U.S. interests in the region.

The Quds Force, an arm of the IRGC that is particularly involved in international terrorism, is also a target of the new sanctions. The group has a long history of providing weapons, training and financial support to the terrorist army Hizballah and operates terrorist training camps for the

group in Lebanon. The Quds Force has also supplied Hamas with funding, training and weapons, according to the State Department.

The move creates a strong incentive for companies to halt their business dealings with IRGC-linked companies. The IRGC has vast business interests throughout Iran, comprising about 40 percent of the economy. The new sanctions will have a dramatic impact on the ability of Guard-owned companies to conduct business and

about the possibility of heavy fines and the possible loss of access to U.S. markets, have stopped their activities in Iran. Even banks in the Muslim world are refusing to do business there. "Most of Kuwait's banks have stopped dealing with Iranian accounts," said Abdul Majeed al-Shatti, chairman of Commercial Bank of Kuwait.

As a result of their increasing isolation, Iranian banks are severely limited in their ability to conduct international business.

UNITED ACTION
SEVERAL ARMS OF GOVERNMENT ARE ACTIVELY TARGETING THE IRGC AND ITS FUNDING NETWORKS

CONGRESS
Congress called on the White House to act against the IRGC and has passed a series of bills calling for strict measures to thwart Iran's nuclear ambitions.

STATE DEPARTMENT
Undersecretary of State Nicholas Burns has highlighted Iran's repeated obfuscation and cited "irrefutable evidence" that the IRGC is arming the Taliban.

THE WHITE HOUSE
An executive order imposed sanctions on the IRGC, Quds force and three banks—blocking them from the dollar-based world financial system.

TREASURY DEPARTMENT
Treasury Secretary Henry Paulson has moved to isolate Iran's banks, which use a range of "deceptive financial practices" to finance terrorists including the IRGC.

Multiple Layers of Sanctions Can Block Iran's Nuclear Program

The recent announcement by the Treasury and State Departments is one part of a broad effort to stop Iran's nuclear progress.

Congress has passed several bills designed to cut funds to Tehran. The Iran Counter-Proliferation Act, for example, tightens existing sanction laws, while the Iran Sanctions Enabling Act authorizes state and local governments to divest from companies invested in Iran's energy sector.

The United States is also working with allies in Europe and the United Nations to enact additional measures intended to amplify the impact on Tehran. French President Nicolas Sarkozy, German Chancellor Angela Merkel and British Prime Minister Gordon Brown have all articulated the need to prevent Iran from

gaining access to the technologies required to modernize Iran's aging oil infrastructure.

Biting New Sanctions Target the Pillars of Iran's Economy

The measures identify Bank Melli, Iran's largest bank, and Bank Mellat, its fourth largest, as closely linked to the IRGC and block them from the dollar-based world financial system. These banks are involved in funding Tehran's nuclear and ballistic missile programs and have also channeled millions of dollars to Hamas and Hizballah.

Scores of international banks, worried

acquiring a nuclear capability and indicated that new sanctions may be necessary.

These efforts come as Iran continues to make rapid progress in its atomic work. In early November, Iranian President Mahmoud Ahmadinejad announced that his country has 3,000 centrifuges working at its Natanz facility—sufficient to produce enough enriched uranium for a nuclear weapon in about a year.

By implementing strict, effective sanctions now, it may still be able to persuade Tehran to end its illicit nuclear program and defuse the current crisis peacefully. •NER•

In another important move, Olmert has said that he sees Annapolis as a starting point for serious, substantive negotiations on key issues. Such talks can bear fruit only if the PA implements its obligations as outlined in the 2003 roadmap for peace. Under the roadmap, the PA must take meaningful steps to curb terrorism and dismantle terrorist organizations.

PA President Mahmoud Abbas has his work cut out for him. He lost control over the Gaza Strip, which was taken over by Hamas in a violent coup last June and from which rockets and mortar shells are fired daily into Israel. He has also been unable to control even his own Fatah organization's terrorist arm, the Al-Aqsa Martyrs Brigades. As both President Bush and Secretary of State Condoleezza Rice have stated, terrorism must end before a Palestinian state can be established.

The major Arab states, particularly Saudi Arabia, also need to step up to the plate. Abbas' ability to take the necessary steps toward peace is predicated on full Arab backing. Regrettably, no such support has been evident so far. Arab pledges of generous financial aid to the PA have failed to materialize, while Arab statements on the peace process have amounted to little more than reiterations of hard-line demands on Israel.

Were the PA and Arab governments to do their share and match Israel's overtures for peace, the U.S. effort to move the process forward may yet lead to a successful outcome. •NER•

Intelligent Design

INTEL ISRAEL HELPS DEVELOP NEW GENERATION OF FASTER, ECO-FRIENDLY COMPUTER CHIPS

Thanks in part to Israeli know-how, the greenest computer chip in the world was launched earlier this month.

As reported by the website Israel21c, Intel unveiled the latest addition to its processor family: a new chipset provisionally named Penryn. The innovative processor, which reduces electricity loss through the use of third-generation silicon materials, also does away with the need to incorporate eco-unfriendly lead and halogen materials in the production process.

"These are the biggest transistor advancements in 40 years," Intel co-founder Gordon Moore said.

While the Penryn innovation was initially developed at Intel's centers in California, the offices of Intel Israel, centered at its mammoth Research-and-Development Center in Haifa, played a crucial role in working out how the new chips' micro-architecture could be manufactured on a commercial scale.

What this all means, Intel says, is a new ability to deliver "faster and more energy-

efficient processors that are better for the environment."

The Haifa center forms a major component of Intel's global product pipeline. Founded over 30 years ago with only five staffers, Intel Israel—with large facilities also located at Petah Tikva, Jerusalem and Kiryat Gat—now employs nearly 7,000 people, and last year pumped more than \$1.2 billion of export revenue into the Israeli economy.

Intel Israel scored its biggest coup to date in the 2003 development of the Centrino mobile chipset, which was, according to company spokesman Koby Bahar, a "true breakthrough" in computing performance. The Centrino technology, initially designed for use in laptop computers, proved so fast and energy-efficient that it rapidly began to appear in desktop PCs around the world as well.

The latest Penryn innovation drew upon expertise and experience garnered during the Israeli development of the Centrino processor, Bahar told Israel21c. •NER•

Atomic Aspirations....cont'd from pg. 79

exclusively peaceful purposes could not be validated. The IAEA said the issue was "especially important in the light of Iran's undeclared activity for almost two decades."

Iran did shed some light on its past activities days before the report was released, when it acceded to demands to turn over copies of a blueprint showing how to mold uranium into the shape of atomic warheads.

Tehran claimed that it received the documents from Abdul Qadeer Khan, the Pakistani scientist who ran a nuclear black market.


After the report's release, U.S. ambassador to the U.N. Zalmay Khalilzad said that "we need to move forward with another resolution in the Security Council." He added that those who oppose additional sanctions will be responsible for any failure of diplomacy. •NER•

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