



S. DANIEL ABRAHAM
CENTER FOR MIDDLE EAST PEACE

Israel and the Middle East News Update

Tuesday, November 14

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News Excerpts

November 14, 2017

Ynet News

Milchan's Aid: Netanyahu Personally Requested Gifts

Hadas Klein, personal assistant of businessmen Arnon Milchan and James Packer, said in her testimony in the illicit gifts affair (also known as Case 1000) that the gifts were never offered by the two billionaires, but were asked for by Prime Minister Benjamin Netanyahu and his wife Sara. It was revealed Monday on Channel 2 and 10's news programs. "Sarah would ask for boxes of six or 12 bottles of champagne," she said. "Bibi (Netanyahu) would ask for cigars and also know about the quantities of champagne his wife received. The driver of the company would travel especially to Jerusalem to supply the cigars and champagnes." See also, ["Arnon Milchan's Aide Tells Police: Netanyahu Regularly Requested Alcohol, Cigars" \(Ha'aretz\)](#)

Times of Israel

IDF Deploys Iron Dome, Raises Alert Amid Gaza Threat

A number of Iron Dome missile defense batteries were deployed in central Israel on Monday, the military said, amid heightened tensions with the Palestinian Islamic Jihad since the army demolished the terrorist group's border-crossing attack tunnel last month. The Israel Defense Forces confirmed the anti-missile systems had been installed in central Israel, but would not elaborate on their exact location, citing army policy. See also, ["Israel deploys Iron Dome amid tensions on Gaza border" \(i24 News\)](#)

Jerusalem Post

Greenblatt: Islamic Jihad to 'Harm the People of Gaza'

Islamic Jihad provocations against Israel threaten Gaza's civilian population and are dangerous, said the US after the IDF moved its Iron Dome batteries to the center of the country out of concern for the potential of an attack from Gaza. "Extremist statements & provocation vs. Israel by Islamic Jihad significantly harm the people of Gaza & are very dangerous," the US special envoy Jason Greenblatt tweeted early Tuesday morning. "The PA must resume full responsibility in Gaza. [The] US is working with the PA, Israel, Egypt & others to try to improve the situation. See also, ["US envoy warns Islamic Jihad attack threat harming Gazans" \(Times of Israel\)](#)

Ha'aretz

Egypt: No Gas Deals With Israel Until Arbitration Settled

Egypt will not issue permits to companies to import natural gas from Israel as long as arbitration cases with its neighbor remain unresolved, Egypt's energy minister said on Monday. Energy Minister Tarek el-Molla said for new Israeli import deals to be signed these arbitration cases would have to be resolved and the deal would have to "add value." In 2015, the International Chamber of Commerce ordered Egypt to pay \$2 billion in compensation after a deal to export gas to Israel via pipeline collapsed in 2012 due to attacks by insurgents in Egypt's Sinai Peninsula. Egypt, which has turned from a gas exporter to a net importer, is challenging that order through arbitration. There was no immediate comment on the minister's remarks from Israel, which has said it is awaiting the arbitration payment. See also, ["Egypt Clears the Way for Imports of Israeli Natural Gas" \(Ha'aretz\)](#)

Israel: We'll Shelve Jordan Water Deal until Embassy Reopened

Some three months after an investigation was opened after an Israeli security guard fired at an armed Jordanian citizen, Israel is threatening to take economic measures against Amman. According to a report by Hebrew media outlet *Maariv*, Israel has sent a clear message to Jordan in past days that Israel will not go through with the terms of the Red-Dead Sea Conveyance Project unless Jordan reopens the Israeli embassy. The project involves the construction of a desalination plant in Aqaba that will provide fresh water to Jordan and Israel and carry brine to the Dead Sea in order to diminish its rate of decline. Israel has also committed to supplying additional water to Jordan and the Palestinian Authority. Israeli-Jordanian ties were strained earlier this year after the shooting of two men at the Israeli embassy in the Jordanian capital of Amman. The Israeli embassy was then closed by the Jordanian government.

See also, ["Israel reportedly threatens to shelve Jordan water deal until embassy reopened" \(Times of Israel\)](#)

Ynet News

Gabbay: 'The Left Forgot What It Means to be Jews'

Zionist Union Chairperson and leader of the largest left-wing party Avi Gabbay said Monday evening that "the left forgot what it means to be Jews"—a statement that repeats almost word per word that made by Prime Minister Benjamin Netanyahu to Rabbi Yitzhak Kaduri ahead of the 1999 elections. Gabbay made the statement while speaking to students at Ben-Gurion University in Be'er Sheva. "We live in a Jewish state. I believe that, but the Labor party has moved away from that," said Gabbay. "In 1999 Bibi (Netanyahu) was caught on camera saying the Left had forgotten what it means to be a Jew. Do you know what the Left did? It forgot what it means to be Jews. As if to say, 'Okay, you said that about us, so from now on we're only going to be liberals.'" See also, ["Labor leader: the Left forgot what it means to be Jewish" \(Jerusalem Post\)](#)

Jerusalem Post

Rivlin to Jewish Federations GA: We Need Unity with You

Appealing to the Diaspora community, President Reuven Rivlin, while addressing the Jewish Federations of North America's General Assembly, told the audience that he hopes that "we can return to the table and reach an understanding" on the divisive issue of the Western Wall. Rivlin did, however, remind the audience that "Israel's democratic process, decision-making process" must be respected with regards to internal matters. The Western Wall has, in recent months, become a source of strain between Israel and the Diaspora. Many progressive Jewish leaders and groups both outside and within Israel have pushed for an egalitarian prayer space to be instituted at the wall, which the government has refused to implement, despite orders from the High Court. Rivlin, speaking about future arrangements for the wall, said specifically that the process for implementing future plans would be "led by the government." See also, ["Rivlin pained Western Wall now 'a symbol of division and disagreement'" \(TOI\)](#)

Saudi Arabia's Leader Playing a High-stakes Game and Is Going Almost All In

By Zvi Barel, columnist at Ha'aretz

- The opening shot, which was fired a week ago with the arrest of 11 Saudi princes and ministers by orders of Crown Prince Mohammed bin Salman, has been followed up by the arrests of several dozen office holders, princes and public figures – and the freezing of over 1,200 bank accounts whose owners are suspected of illegal activity such as corruption and money laundering. It is not yet clear where Prince Mohammed is heading and how many senior officials in the Saudi leadership are on the “blacklist” on which he has been working for several weeks.
- The general accepted belief among pundits and analysts in the Arab countries and the West is that the purge is designed mainly to strengthen Mohammed’s status and to remove political rivals, some of whom didn’t hide their criticism of his aggressive policy. At the same time, it’s clear that even the arrest of several tycoons, bankers and politicians cannot uproot the country’s endemic corruption. There will be need for profound reform – perhaps of the type that the circles of influential conservatives will be unable to tolerate – in order to change the culture of corruption that has spread to all the government institutions and has also spilled over into the private sector.
- The worrisome question at this stage, however, is whether the crown prince, who apparently expects to replace his father during Salman’s lifetime rather than to wait until his death, has taken a calculated risk. Can the kingdom, which is run as a family oligarchy, accept the initiatives of the king and his son submissively – or will it experience a political and economic intifada that at best would stop the heir, and at worst, frighteningly, would lead to the replacement of the heads of the pyramid and bring about an era of instability to the kingdom.
- This uncertainty has already caused Western analysts to suggest that their clients wait at least six months before deciding on new investments in Saudi Arabia. Companies operating in Arab countries and in the West, which are connected to the huge Saudi corporations whose heads were arrested this week, hastened to reassure their shareholders – explaining that this is a matter of internal affairs that are unconnected to the conduct and activity of the corporations and don’t affect them. But these clarifications failed to moderate the plummeting shares of the widespread holdings of billionaire Alwaleed bin Talal, who only about two weeks ago spoke at an investors’ conference in Riyadh, and told them about future plans.
- Nobody imagined at the time that the speaker would find himself under arrest in the Ritz Carlton Hotel, without access to phones and television, waiting together with the other detainees to hear what the Saudi government intends to do with him.
- As head of the anti-corruption committee, which was hastily formed on the eve of the arrests, Mohammed bin Salman has very broad powers that include confiscating property and restoring to the government fraudulently obtained money. Don’t hold your breath waiting for a proper legal process by which the prosecution will collect testimony and present proof of money laundering and other acts of fraud. Such evidence, if presented, would harm a huge class of Saudi businessmen, as well as foreign companies that bribe intermediaries, most of them close to the royal court, since only they can grant the tenders to those with special interests. The assumption

is that several billion dollars that have been confiscated from the bank accounts of the detainees will both convey the message and line the state coffers, which are short on cash.

- Since the oil crisis, which erupted in 2014 and for which Saudi Arabia was largely to blame, the kingdom has frozen over \$20 billion earmarked for projects in the fields of education, medicine and transportation. It owes billions to foreign companies, with only a quarter of the debt repaid this year. The Saudi Arabia 2030 vision, which is designed to vary the sources of revenue and to reduce dependence on oil, was launched with great fanfare, but it will require huge investments, and mainly changing the Saudi economy from dependence on 10 million foreign workers, to employing Saudi workers.
- The problem is that the Saudis have been accustomed to refraining from menial labor for years, while the Saudi education system is not yet built for sophisticated jobs that require advanced professional training and a high level of technological know-how. Such a revolution may be possible, but it will take years before the advent of a generation that will be able to replace the foreign technicians, engineers, programmers and administrators.
- Although the kingdom's laws impose fines on companies and businesses that employ mostly foreign workers, and the country has also legislated strict amendments when it comes to granting work permits to foreigners – the Saudization of work is still in its infancy. Even the highly publicized arrests of foreign workers and sending them back to their countries of origin did not really succeed in reducing their numbers.
- Saudi Arabia has also begun a privatization plan for government companies. The most important treasure, the national oil company Aramco, will be partially offered for public sale, which should yield about \$100 billion. Also on the table are proposals to sell government-owned sports clubs and part of the stock exchange, and even to build movie theaters and places of entertainment at an investment of \$2.7 billion. All these things look good on paper, but it's hard to guess how these proposals will go down with strong conservative circles and the public.
- The issue is that Saudi Arabia's plans for development and for persuading foreign investors require political stability, without which the kingdom will find it difficult to vary its sources of income. Thus, even if we assume that the wave of arrests was meant to send a message that the war against corruption and the beginning of transparency are on – it is also worrying potential investors, who still don't know what the country will look like in a week or year from now.

SUMMARY: The opening shot, which was fired a week ago with the arrest of 11 Saudi princes and ministers by orders of Crown Prince Mohammed bin Salman, has been followed up by the arrests of several dozen office holders, princes and public figures – and the freezing of over 1,200 bank accounts whose owners are suspected of illegal activity such as corruption and money laundering. It is not yet clear where Prince Mohammed is heading and how many senior officials in the Saudi leadership are on the “blacklist” on which he has been working for several weeks. The general accepted belief among pundits and analysts in the Arab countries and the West is that the purge is designed mainly to strengthen Mohammed's status and to remove political rivals, some of whom didn't hide their criticism of his aggressive policy. At the same time, it's clear that even the arrest of several tycoons, bankers and politicians cannot uproot the country's endemic corruption.

Trump's Middle East Peace Initiative Still on Hold

By Ben Caspit, columnist at Al Mointor Israel Pulse

- **More than a year after President Donald Trump's electoral victory, the fog covering his Middle East peace initiative is far from dissipating. According to diplomatic sources, White House senior adviser Jared Kushner said not long ago that he is busy "wrapping up" last-minute details of the initiative before its launched. It would be a matter of a few weeks, he said. Meanwhile, several weeks have passed and the initiative is still under wraps.**
- **Al-Monitor has learned that Trump and his staff's original plan was to launch the initiative in January 2018, one year after Trump assumed the presidency. It was supposed to take place in an impressive ceremony in Washington with the participation of Israel (Prime Minister Benjamin Netanyahu) and the Palestinians (President Mahmoud Abbas), of course, as well as high-level representatives from Saudi Arabia, the United Arab Emirates, Egypt and Jordan. Middle Eastern countries that do not have official diplomatic relations with Israel were indeed expected to participate along with high-level representatives from the Quartet — the European Union, Russia, the United Nations and the United States — and the international community. The January deadline does not, however, appear to be realistic. The intention is to delay the launch until March 2018.**
- **The approach adopted by Kushner and Jason Greenblatt, Trump's Middle East emissaries, is a direct continuation of Egyptian President Abdel Fattah al-Sisi's initiative: Sisi had planned on launching a large regional peace initiative should former Zionist Camp leader Isaac Herzog join Netanyahu's government. Instead, however, Avigdor Liberman, not Herzog, ended up joining the government in May 2016, as defense minister.**
- **Netanyahu had placed a call to Sisi, saying that he stood behind his commitments, even though Herzog did not join the coalition. For a change, Netanyahu followed through on what he promised. In a press conference when Liberman joined the government, the prime minister reaffirmed his commitment to the two-state solution. The two of them then mumbled something in favor of the 2002 Arab Peace Initiative, with reservations, of course.**
- **These two conditions were the first that Israel had committed to prior to renewing negotiations in the context of the Sisi initiative. Another stipulation that Netanyahu failed to carry out was to make real changes on the ground to improve the situation for Palestinians. In the meantime, Trump was elected and the cards were reshuffled.**
- **To jump-start negotiations, all the parties were required, as per the American mediator, to make goodwill gestures. Israel promised to conduct a "quiet" partial freeze of construction in the West Bank and to implement measures to benefit the Palestinians. Saudi Arabia and the United Arab Emirates promised to take part in the kickoff ceremony, to have direct contact with Israel and provide it with several "benefits," such as permission for civilian air travel through Saudi Arabian and other Persian Gulf states' air space.**
- **The only thing impeding the deal were the "real changes on the ground" that Israel had promised, but not implemented. These were supposed to include a shift of certain sections of the West Bank from Area C (under sole Israeli security and civilian authority) to Area B (under**

Israeli security control and Palestinian civil authority) to allow the Palestinians to build on and develop the land.

- Israel was supposed to carry out this step in direct coordination with Greenblatt in one of three ways: implementation of the “Qalqilya plan,” submitted by Liberman for Cabinet approval, which would have greatly enlarged the municipal boundaries of the city to allow Palestinians to develop and expand; “whitewashing” the 20,000 housing units that Palestinians have built illegally in Area C; or changing the status of certain Area C tracts in the northern West Bank to Area B. This was the region where Israel evacuated four settlements as part of the 2005 disengagement. Greenblatt himself was supposed to have toured the region in May 2017 with Maj. Gen. Yoav Mordechai, the head of the Coordinator of Government Activities in the Territories, but the tour was postponed after word of it leaked to the Israeli media.
- As of now, Netanyahu has not succeeded in implementing even one of the above options. The Israeli Cabinet, the most right wing in the history of the State of Israel, refused to approve the Qalqilya plan. The more right-wing flank of the coalition also refuses to approve illegal Palestinian construction in Area C. Regarding the transfer of territory in the northern West Bank, Netanyahu recently halted passage of a bill that sought to allow Israelis back into the settlements evacuated, which would have effectively undone that part of the disengagement. The distance from blocking the bill to transferring territories to the Palestinians is, however, a far cry.
- On Nov. 6, Abbas was summoned to make an urgent, surprising visit to Riyadh. According to Palestinian sources, once there, Abbas received a message delivered to Riyadh by Kushner several days earlier: The American initiative was supposed to begin soon, and the United States expected the Palestinian leader to respond positively to it, even if there were certain elements of the deal that he did not like. In this way, Kushner and Greenblatt are trying to learn from the lessons of their predecessors, who met with an almost automatic Palestinian rejection of anything they proposed. The American message was tough, with threatening overtones. The Palestinians must not reject the initiative out of hand, it was said. Every comment and reservation they had would be handled during the course of the negotiations.
- The diplomatic sources involved in the process believe the American initiative will not see the light of day unless Netanyahu agrees to it. Another important factor is that Trump has not even approved it yet. It will be brought to him for approval only when it is finished. Trump, being Trump, is also capable of changing his mind at the last minute and abandoning the entire “adventure” completely.
- Netanyahu’s situation in terms of the initiative is quite sensitive. Netanyahu can make use of it to halt the wave of criminal investigations building much too rapidly against him. He may conclude that a major diplomatic process, including a regional solution, could get Attorney General Avichai Mandelblit and the police off his neck. That is a desperate hope, but Netanyahu does not have any other rabbits to pull out of his hat at the moment.
- What will the initiative include? According to various sources, it will consist of regional negotiations along three channels: Israeli-Palestinian with American mediation, Israeli-regional, and international (rehabilitation of the refugee camps and mobilization of the world for a regional agreement). It is possible that the initiative will redefine the concept of “sovereignty” in a way that allows the Israelis and Palestinians to share territory creatively. The initiative may even

resuscitate the Palestinian-Jordanian confederation idea. Perhaps even a Palestinian-Jordanian-Israeli configuration is possible.

- All that said, one element remains: Nothing happens until Trump makes it happen, and perhaps not even then.

SUMMARY: What will Trump's peace initiative include? According to various sources, it will consist of regional negotiations along three channels: Israeli-Palestinian with American mediation, Israeli-regional, and international (rehabilitation of the refugee camps and mobilization of the world for a regional agreement). It is possible that the initiative will redefine the concept of "sovereignty" in a way that allows the Israelis and Palestinians to share territory creatively. The initiative may even resuscitate the Palestinian-Jordanian confederation idea. Perhaps even a Palestinian-Jordanian-Israeli configuration is possible. All that said, one element remains: Nothing happens until Trump makes it happen, and perhaps not even then.