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Vol. 6, Issue 250, April 21, 2006

*New Russian Plan to Head off US-Iran Track*

**US Ultimatum in Secret Talks with Iran: Give Up Nuclear  
Weapon Goal or Face an Arab Race for an N-Bomb**



The US-Iran nuclear dialogue launched earlier this month in tight secrecy passed this week to a higher, decision-making plane. It was opened up to bypass stalled European diplomacy, Russian initiatives, UN paralysis and the limping American-Iranian negotiations in Baghdad, and is humming along.

This week, the American side laid great stress on the steps taken by two Arab nations, Saudi Arabia and Egypt, to throw their nuclear ambitions into the ring.

The Iranian side was thus confronted with the daunting prospect of a Middle East arms race being triggered by its nuclear weapons aspirations and branching out from the Iran-US, Iran-Israel tracks to co-opt Arab players.

In a further development disclosed by **DEBKA-Net-Weekly**, Moscow has put in its oar with a new plan for bringing Iran's uranium enrichment project under international supervision.

(In past issues, **DEBKA-Net-Weekly** traced the early stages of these processes:

On March 17 and March 24, **DNW 246 and 247** detailed the first direct US-Iran encounters – which began over Iraq. On April 7, **DNW 249** revealed that the Saudis were developing a nuclear program, including uranium enrichment – just in case Iran makes the final leap to a bomb.)

In this issue, **DEBKA-Net-Weekly's** exclusive sources and analysts attempt to pierce the dense blackout cast over the Washington-Tehran talks to discover who is acting for the prime movers, their hidden venues and the cards they are laying out on the table.

## **THE UNITED STATES**

This week, the head of the White House National Security Council **Stephen Hadley** sent his senior deputies to meet in Washington with **Mohammad Nahavandian**, adviser on economic and technology issues to **Ali Larijani**, the powerful head of Iran's Supreme National Security Council (SNSC) and its lead nuclear negotiator.

US sources say Nahavandian entered the US around April 6 and stayed for an unspecified time. According to **DEBKA-Net-Weekly's** Washington sources, he got together with American officials on April 17. Rumors going around the US capital the next day about the arrival of a high-ranking Iranian official brought forth a statement by State

Department spokesman **Sean McCormack** that no visa had been issued for Nahavandian. He also denied that he had had meetings with anyone in the US government.

After this breach of secrecy, the talks were promptly moved to a West



European capital where they are still going on – some sources say with Hadley himself taking part.

The information pieced together by **DEBKA-Net-Weekly**'s most reliable sources sheds light on the four US objectives in the talks:

1. To build a route detouring the faltering Baghdad track.

Our sources report that an Iranian delegation has spent several days in the Iraqi capital. It is led by a member of the Iranian SNSC **Ali Hosseini-Tash** and **Ayatollah Ahmad Jannati**, a close adviser to Iran's supreme leader **Ayatollah Ali Khamenei**. According to one report, one of the two also attended the Washington talks.

The US-Iranian talks on the Iraq government seem to be stuck. The Iranians offered to replace the Shiite **Ibrahim Jaafari** as nominee for the premiership with the deputy leader of his Dawa party **Ali al-Adib**. US ambassador **Zalmay Khalilzad** turned them down.

2. To break the monopoly Moscow has been striving to establish as the sole middleman for diplomacy between the West and Iran.

3. To undo the former Iranian president **Hashemi Rafsanjani**'s pitch in a tour of Arab emirates which attempted to depict his country's nuclear enterprise as an Arab Nuclear Program, thus gaining Gulf support.

### **Saudis and Egyptians set to match Iran's nuclear progress**

4. To lay the groundwork for an alternative Middle East nuclear bloc hinging on Saudi Arabia and Egypt, i.e. a rival Arab nuclear program for bringing Tehran up short. Iran was to be given to understand that if it goes all the way and builds a bomb, so too will its Arab opposite numbers. This race carried the extreme potential of pitting Sunni and Shiite nuclear powers on a course of collision.

With these four objectives in mind, the American delegation made the Iranians an offer:

Iran had shown the world with a theatrical flourish that the Islamic Republic was able to bring uranium enrichment to an industrial level and demonstrated to the Iranian and Muslim public that it was capable of completing the nuclear fuel cycle. Now, therefore, Tehran could afford to stop spinning the centrifuges and abandon its weapons program.

If not, Washington would deliver threefold punishment: A. By keeping up the heat for UN Security Council sanctions; B. Letting the Saudi and Egyptian nuclear programs move forward. If Iran produced enriched uranium for weapons, Saudi Arabia and Egypt would keep pace with Tehran by building facilities for processing, or acquiring, weapons-grade nuclear fuel. And if Tehran starts building a weapon, both these Arab states will either produce or buy a nuclear weapon from countries like Pakistan. C. Lining up an anti-Iran nuclear-armed Middle East front, including Israel. Moscow and Beijing would then do well to rethink their support for the Islamic Republic and decide whether it is worth the price of lost points in the Arab world and Persian Gulf.

In view of these three options, Washington advises Tehran to take up its proposal.

### **IRAN**

In the face of the American ultimatum, Tehran's clerical rulers have not backed down but are taking their time to weigh their options. In the meantime, they have adopted four courses, revealed here by **DEBKA-Net-Weekly**'s Iranian sources:

1. Supreme ruler Ali Khamenei, while letting president Ahmadanijed continue to rant and rave in public, tightened his



grip on the national nuclear program. The president has been cut out of any say in the ongoing diplomatic talks with the Americans.

2. Khamenei has assigned Rafsanjani to deal with the Iraq issue and relations with Arab governments, while Larijani is now in charge of contacts with the Americans, the Russians and the Europeans.

3. As a counterweight to the American track, Iran has entered into negotiation with Moscow on a secret new Russian plan for international oversight of its enrichment activities. **DEBKA-Net-Weekly's** sources have not yet discovered the substance of this plan; they report it was a focal item on the Iranian-American agenda this week, as well as figuring large in the Moscow talks held by the five permanent Security Council members and Germany this week. Iran has not announced its acceptance of the Russian draft - only that it can serve as the basis for further negotiations.

4. Rafsanjani was dispatched on a tour of the Arab emirates to calm their fears of Iran's nuclear motives and invite them to lend their support to its nuclear option. Our Gulf sources report that he failed in his mission. Aside from Damascus which was his last stop, the emirates presented a solid wall of resistance to any thought of an Iranian nuclear bomb.

## **RUSSIA**

Moscow came up with its new plan for international oversight of Iran's enrichment activities under several compulsions: to preserve its key position as the West's front man in diplomacy with Iran, to prevent a sanctions debate at the Security Council and to safeguard its profitable trade ties with the Islamic Republic.

Russia's three strategists on these issues, President **Vladimir Putin**, foreign minister **Sergey Lavrov** and the head of the Russian energy commission **Sergey Kirienko**, were faced with an urgent need to prevent Iran's isolation and the breakdown of diplomacy, because Moscow would then be left high and dry as Iran's lone champion. Russia might then find itself lined up with Shiite Iran against the Sunni-Arab world, at the cost of a role which it has been at great pains to foster, of middleman between the Islamic nations and the West.

Putin, according to **DEBKA-Net-Weekly's** sources in Moscow, is also working hard to sort through the effect of his pro-Tehran stance on his relations with Washington.

## **ISRAEL**

The only Middle East nation to have developed nuclear armaments, Israel has been completely passive in these events. Under the direction of **Ariel Sharon**, reaffirmed by his successor as prime minister **Ehud Olmert**, no Israeli minister, intelligence official, general or national nuclear energy commission member has been permitted to utter a word on the Iranian nuclear issue. Official Israel holds dumb even in confidential diplomatic exchanges with Washington on the prospect of the Saudis or Egyptians laying the basis for building nuclear weapons. From the 1990s, Israel's strategists became resigned to not being left alone forever as the sole Middle East nuclear power. The new situation has at least one redeeming feature: it relieves Israel of some of the pressure for dismantling its nuclear installations or placing its program under international control in a denuclearized Middle East. The balance of nuclear terror looks like shifting now to another arena, Arabs versus Iran.

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## *Iranian Intelligence in Moscow's Employ*

### **Payment for a Rich Haul in Russian Weapons Technology**



Moscow's close rapport with the Islamic regime of Tehran is not just grounded in the vast volume of their trade and joint projects, estimated at \$18bn, or even Iran's usefulness as a buttress for Russia's claim to world power status. Much of the cement is supplied by the exceptional intelligence services Iran performs for the Russians, notably against the United

States and the European community.

**DEBKA-Net-Weekly's** intelligence sources report that Iranian agents regularly relay to Moscow a prolific crop of data on US military movements in Iraq, Afghanistan, the Persian Gulf and the republics of Central Asia.

The Iranian agencies involved in the trade are the Revolutionary Guards Intelligence Department - RIGID and the Intelligence Ministry – MOI. They are in direct contact with Russia's foreign intelligence arm – SVR and military intelligence - GRU.

As part of Moscow's quid quo pro in the trade, a mission of 1,500 Russian intelligence officers and experts is maintained in Iran to advise, assist and overhaul the various units and departments of Iran's intelligence network and hone their overall skills for undercover work in the Middle East, East Africa, Central Asia and West Europe.

#### **Target: The US army in Iraq**

Under a series of secret pacts, Iran is committed to gather and pass on to Russia detailed data on the locations of American military forces, camps and air bases in Iraq, as well as the structure of the New Iraqi Army, the types and quantities of weapons in American use, the US army's weak points, the British army's deployments in the south, and any military item bearing on Iraq's disposition.

Since Tehran maintains tens of thousands of agents in Iraq, many of them native-born, they are in a position to round up information of the greatest possible value to the Russians for assessing the situation in Iraq. Like other intelligence agencies, the Iranians keep back the most sensitive data and inject an item or two of disinformation in the mix fed to the Russians.

#### **Targets: Dubai and Qatar**

Russian intelligence also uses its Iranian sources to collect economic data on the flourishing financial hubs of Dubai and Qatar. Dubai is of special interest as a key world trading center and Iran is the perfect source.

Having sunk \$20bn over several years in Dubai's building boom, the Iranians have also built up an extensive intelligence-gathering center there for the entire Gulf region. It is run by the two services, MOI and RIGID. Spying operations go forward behind the fronts of legitimate business enterprises. The network's chiefs control the work of its assets and decide how the harvest is to be shared out between Tehran and Moscow. They also undertake special commissions on behalf of the Russians.

Moscow's interest in Qatar is of a different kind.

The ruling **Khalifah al-Thani** family has a liberal approach to militant and radical elements, including anti-American and anti-Saudi groups, who are allowed free rein in the emirate. The Al Jazeera TV station, owned by the ruling family, toes this line. For the Russians, therefore, Qatar is a convenient venue for contacting Islamic extremists, as well as an observation post for the Islamic forces involved in the anti-Russian insurgency in Chechnya.

But in Qatar, Moscow prefers not to operate in the open, or even through its

undercover agents – certainly not in contacts with the Islamic radicals associated with the Chechen rebellion. So, while maintaining an intelligence team in the emirate, the Russians leave the fieldwork to Iranian front-men. From them Moscow obtains a good picture of clandestine movements in the Gulf region, including Chechen rebel fund-raising activities in the Middle East, chiefly Saudi Arabia and the oil emirates. Most of the money comes from private foundations, businessmen and donations by the faithful in the mosques. Getting this sort of information is a cinch for Iranian agents in the field. It is eked out from the heavy sprinkling of Iranian undercover operatives across Europe, some of whom live in the guise of exiled Iranian dissidents.

### **Target: Pakistan and operations against al Qaeda and Taliban**

Russia and Iran cooperate closely in Pakistan.

Here, Iranian intelligence rounds up for the Russians data on the campaigns conducted in pursuit of al Qaeda and the Taliban, and on the military and intelligence collaboration between Pakistan and the United States. Over the years, Tehran has built up several undercover networks in Pakistan with the help of fundamentalist members of the Shiite community, which comprises 40% of the general population and is under Iran's influence.

From Pakistan, too, Iranian spies are able to draw a picture of American and NATO activities in Afghanistan. The two million Afghan refugees who spent years in Iran were rife for recruitment by Iranian intelligence. Thousands were sent back into Afghanistan as spies for Tehran.

### **Targets: Iraqi insurgents, the Levant**

One of the key functions of the collaboration between Russian military intelligence and the Iranian Revolutionary Guards agency is information-gathering on the Iraqi guerilla insurgency.

Iran's operatives collect whatever they can on their methods of operation, organization structure, numbers, identities, ideologies, weapons suppliers, fighters and finances.

Here, RIGID is a lot less forthcoming to GRU than in other fields of cooperation. They hold back information on guerrilla groups in which Iran has a stake, or else hand the Russians phony data. In contrast, the information gathered on the foreign armies fighting in Iraq is almost complete and credible.

RIGID has a thorough, ongoing picture of events in Lebanon, Syria, the Palestinian territories and the Palestinian terrorist groups in those countries.

In Lebanon, Hizballah is its primary source.

In Syria, the input is funneled to the Iranian embassy in Damascus. Iranian intelligence uses the Zeinab Mausoleum on its outskirts as an operations center. Most of the staff at the site, the burial place of the daughter of the foremost Shiite saint, Imam Ali, are Iranian agents, including the security guards. They are rotated unnoticed by replacements planted in the crowds of tens of thousands of pilgrims flown in on direct flights from the main Iranian cities. The mausoleum's outlying buildings house Iranian intelligence communications systems.

The data Iran forwards to the Russians from Syria is slanted to boost president Beshar Assad as a key regional power and encourage the Russians to continue to sell him arms.

### **Targets: Palestinians, Egypt**

Both the Russians and the Revolutionary Guards RIGID maintain active networks in the Palestinian Authority and Israel.

Tehran has the advantage in the Palestinian areas. Iran founded and finances the Palestinian Jihad Islami; its leader **Abdallah Ramadan Shalah** calls frequently in the Iranian capital and meets Iranian intelligence chiefs; Iran's leaders are also close to Hamas and its supreme chief, **Khaled Meshaal**, as well as maintaining a flock of agents among Israeli Arabs.

The Russians are outclassed here, although they have maintained a Russian intelligence mission in Gaza for more than a year. They are therefore eager for the Iranians to top up their knowledge, however selectively.

Among the many other countries in which Russia uses the services of Iranian agents, Sudan is worth mentioning because Iran's ties with the Khartoum government open windows to Darfur and Chad in which Moscow is interested, as it is in Uganda.

In Egypt, MOI and RIGID work together. Here, Moscow keeps an eye on the Muslim Brotherhood and other radical Islamic groups. Both agencies are not averse to dipping into subversion to weaken a regime which they regard as overly friendly to Washington and a collaborationist of Israel.

**DEBKA-Net-Weekly's** Iran experts note that while Tehran and Moscow share common strategic interests, Iran's intelligence services are not a one-way street.

The Revolutionary Guards have obtained Russian missile technology, war materiel and designs for new weapons. All the advanced weaponry exhibited in Iran's recent war games in the Persian Gulf are based on Russian systems.

Like **Saddam Hussein** in the past, the Islamic regime in Tehran is well supplied by Moscow with sensitive information on the activities of US and NATO forces around its borders, as well as the state of affairs in the former Soviet republics of Central Asia.

Equally important, Russian agents keep Iran abreast of the activities of Iranian opposition groups in Europe and the United States.

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### *Saudi Royals at Odds*

#### **King and Crown Prince Differ on Nuclear Approach**



In an unusual article appearing Sunday, April 16, in the Saudi newspaper published in London, *Sharq al-Awsat*, one of its leading writers, **Abd al-Rahman al-Rashed**, urges Saudi Arabia and Egypt to develop a nuclear weapons capability to meet the Iranian threat.

The article casts doubt on the West being able to halt Iran's nuclear armament. It is therefore up to the two key Arab nations to produce a nuclear deterrent against Iran and Israel alike. There is no other way, the writer argues. The West will just have to understand and accept this, in the same way as

Pakistan's nuclear program was accepted as a deterrent against the Indian bomb. Until a short time ago, Saudi Arabia did not perceive a nuclear weapon as an option, but now, as Iran gets close to its target, time is getting short for converting to a new approach on the balance of deterrence.

This article represents a striking departure from the views appearing in the rest of the Saudi press on the Iranian nuclear issue and the traditional official line, which favors a diplomatic solution of the crisis.

It could not have appeared in print unless instigated by a very senior Saudi high-up with an agenda to put across - whether an effort to break new ground on Riyadh's approach to Iran's advance to a nuclear weapon, or a means of convincing the West of the need to let the Saudis develop an independent

nuclear military program to counter Iran's ambitions.

**DEBKA-Net-Weekly's** sources identify this Saudi high-up almost certainly as the defense minister, **Crown Prince Sultan**, or a member of his Sudairi clique, which owns a controlling interest in *Sharq al-Awsat*.

His message to Washington is simple: if you can't stop the Iranian dash for a nuclear bomb, then you have no option but to set up a nuclear counterweight.

One of the most telling phrases in the article is this:

*Based on this formula of balance, what if Riyadh, as representative of the Gulf region, mounted a nuclear weapon facing Iran? Would this be enough? Here, Egypt will demand the same thing, taking into consideration that it is a central state in the region and is important in the military balance with Iran and Israel as well.*

That is to say, Saudi Arab would rather not go solo as the only Arab state adopting the nuclear option, but prefers the company of Egypt.

The timing of publication is also significant.

It appeared on the day of Prince Sultan's arrival in Pakistan, in the course of a trip that took him also to Japan and Singapore. Interestingly, **King Abdullah's** visited Islamabad in January. The question as to what did Sultan discuss with Pakistani leaders so soon after the King is answered, according to **DEBKA-Net-Weekly's** sources, by the controversy which has flared between the two top Saudi princes. The newspaper article was meant to win points in the argument, which centers not on the need for a Saudi nuclear program, but on the form it should take and under whose authority.

### **An external umbrella versus home production**

King Abdullah in Islamabad discussed the possibility of Pakistan providing a nuclear umbrella to counter the Iranian threat (See **DEBKA-Net-Weekly 249** of April 7: **Secret Uranium Enrichment - With a Helping Hand from Pakistan**).

Crown Prince Sultan, on the other hand, turned the discussion round to Pakistani assistance for developing a nuclear military program in Saudi Arabia.



Upon his return to Riyadh on April 18, Sultan called a news conference to reiterate the official Saudi opposition to nuclear weapons proliferation in the Middle East.

He was less clear on the question of his government's response to the Iranian threat.

However, our sources have learned that, in closed meetings in Tokyo, the crown prince emphasized that the development of an independent nuclear weapons program was a matter of survival for the oil kingdom.

Since Abdullah was crowned king in August 2005, this is the first overt dispute between the king and the defense minister - and it has broken out over a cardinal issue. Spats have flared often between the king and members of the Sudairi branch of the royal family, mainly over the order of succession, but Sultan usually stayed in the wings, keeping his powder dry for cardinal issues of state.

Such a one is determining the shape of the Saudi nuclear program.

Another matter that Sultan is preparing to fight for is his demand to amalgamate the two main armed forces of the kingdom, the military, which he has headed for more than forty years, and the National Guard, Abdullah's almost private army for the same length of time.

The king is adamantly against a merger.

The issue sharpened recently when Abdullah proposed to equip the National Guard with its own air force, a step fiercely resisted by Sultan, for fear it would detract from the importance of the national air force under his

command.

The dispute over the nuclear issue likewise has a systemic dimension. It would fall most naturally under the aegis of the military, raising Sultan to extra stature and influence compared with the king, whereas an external nuclear umbrella would be controlled by Abdullah.

In an important respect, the solution to the controversy lies in American hands, as acknowledged by the writer, **Abd al-Rahman al-Rashed**:

*...we know that there is no option to deal with Iran, which is armed with nuclear weapons, except through the same balance of terror, which guarded the situation among Moscow, Beijing, and the West, and now between Karachi and New Delhi. We also know that the Pakistanis could not have developed, produced, and maintained their weapon had the West not accepted this in reply to the Indian nuclear weapon and as a deterrence to it.*

This unusual means of addressing a diplomatic message appears to have been seized upon by the Saudi crown prince for addressing an appeal to Washington. His paths to the Bush administration seem to have been severely attenuated since his son, **Prince Bandar**, was succeeded as Saudi ambassador to Washington by **Prince Turki al-Faisal**, a close ally of Abdullah.

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### *The Widening Sunni-Shiite Schism*

#### **Early Spillover of Iraq's Sectarian Strife**



Iraq's most influential Shiite cleric, **Grand Ayatollah Ali Sistani** this week did something he has never been known to do before: He wrote a confidential letter to an Arab ruler. His purpose was to take sharply to task the Egyptian president **Hosni Mubarak**, for standing up two weeks ago and accusing Shiites in Arab countries of placing their loyalty to Tehran above their allegiance to their countries of residence.

Mubarak cast specific aspersions on Sistani's flock when he said: "Naturally Iran has an influence over Shiites who make up 65 percent of Iraq's population."

**DEBKA-Net-Weekly's** Iraqi sources reveal the ayatollah's tone was bitter: "As a man who devoted his life to building and preserving the Iraqi Shiite community's political and religious independence of foreign influence," he wrote, "and in respect of my long years of experience in dealing with various rulers, I advise you to learn to watch your tongue."

Sistani's letter to Mubarak is not the only outer symptom noted by our Middle East sources of the broadening rift under the malignant influence of two crises: the horrendous bloodshed in Iraq and Iran's drive for a nuclear weapon.

The growing distrust is illustrated by four further developments:

1. Saudi Arabia is in advanced negotiations with rival French and British firms for a crash project to construct a 650-km long electronic fence to enclose its border with Iraq. The immediate effect of this barrier will be to cut off the passage between Shiite southern Iraq and the kingdom. Riyadh is looking ahead with trepidation to the prospect of an independent Shiite state in control of its own oil resources rising next door.

2. Iraqi Shiite commanders continue to purge the army of Sunni officers who "presumed" to raise their hands against Shiite militias. Under the official aegis of the dreaded De-Baathification Commission, government and security bodies have in the past two weeks engineered the dismissal of hundreds of

Sunni officers from the defense and interior ministries. Among them are **General Mahdi Sabih**, head of the Iraqi unit guarding government institutions, **General Jawad Romi**, who ventured to take on in battle the Shiite “death squads” which the Iraqi interior ministry loosed on certain parts of Baghdad, **General Latif Taban**, commander of the 10<sup>th</sup> Iraqi Division, and **General Hamid Maksusi**, intelligence chief of Iraq’s Special Forces.

Given the political impasse over the formation of a national unity government in Baghdad and the unceasing cycle of violence, Iraq is sliding day by day closer to Shiite-Sunni civil war and its eventual fragmentation into two or three entities.

3. **King Abdullah** of Jordan is trying to organize an Islamic summit from April 22 to 25, without much success. His object is to provide Iraqi Sunni and Shiite religious and tribal leaders with a forum to launch a combined effort to halt the cycle of violence and denounce the extremist interpretations of Islam that feed the bloody conflict. He hopes for a signed declaration declaring that Sunni-Shiite strife has no legitimate basis in Islam.

However, as we write this, the Jordanian monarch still does not know if Iraq’s Shiite leaders will put in an appearance. His organizers are trying to put an optimistic face on the situation, denying reports that Grand Ayatollah Sistani has decided to boycott the occasion, and that that the SCIRI leader **Abdel Aziz al-Hakim** has cancelled his participation. But even they are beginning to accept that most of the Shiite leaders invited to the conference will not turn up.

4. Lebanese prime minister **Fouad Siniora**, currently on a four-day visit to Washington, was forced to bring with him to talks with **President George W. Bush**, the Shiite defense minister, **Farzi Saluah**.

The heads of the two Shiite militias, **Hassan Nasrallah** of the Hizballah and **Nabih Berri** of Amal, threatened the prime minister that if he met the US president without the Shiite defense minister being present, they would stir up enough trouble in Beirut to jeopardize his American visit.

Nasrallah was the most aggressive. He maintained that it was unthinkable for a leader of the minority Maronite community to take upon himself to speak for the majority Shiites.

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## ***HOT POINTS***

### **A Digest of DEBKAFfile Round-the-Clock Exclusives in Week Ending March April 20, 2006**

#### **The Hamas Is Not Without Alternative Resources**

**10 April:** Even if no international donors cough up financial aid for the Hamas-led government, the Palestinian treasury needs not be insolvent. The Palestine Investment Fund – PIF – set up to conceal and invest the funds Yasser Arafat diverted from international donations to the Palestinian people – is now in the hands of Mahmoud Abbas.

The capital is estimated at \$1.2-1.4 billion and its monthly yield counted in tens of millions.

However, Abu Mazen, who holds the key to this hoard, will not hand over a single dollar until Hamas recognizes – not Israel, but the Palestinian Liberation Organization as the paramount authority of the Palestinian people. In the unresolved tug-o’-war over the supreme authority in Palestinian government institutions, Abbas is using the fund to put the squeeze on Hamas. He wants to be recognized as top boss of Palestinian government rather than Hamas prime minister Ismail Haniya. For the time being, Israel

may talk tough and even crack down on terror, but it has not switched off the flow of fuel, fuel products, electricity, water and medicines to the Gaza Strip – free of charge for now.

In the meantime, London helped Hamas float a trial balloon through British media, which was picked up also by some Israeli outlets, by a reference to “a two-state solution” of the Palestinian issue. This indirect recognition of Israel was designed to give the European Union an opening for starting contacts with Hamas officials, grounds for resuming aid and dividing the ranks of the US-European front.

The ploy foundered when Hamas foreign minister Mahmoud a-Zahar and prime minister Haniya denied having accepted a two-state formula.

### **Israel's non-policy on Iran**

**11 April:** DEBKAFfile's Analysts note: If Washington's initial reaction to the Iranian disclosure that it had produced low grade enriched uranium was pallid, the Israeli response was non-existent. Not only did the Iranians make no secret of a “historic achievement” - in defiance of the United Nations and the West - but Mahmoud Ahmadinejad positively threw it in their faces.

A short while earlier, Ehud Olmert, acting prime minister, asked by *Time* magazine whether Israel would attack Iran's nuclear facilities, said he did not think Israel should be at the forefront of this war. “I don't know why people think this is first and foremost a war for Israel. It's a problem for every civilized country. It is therefore incumbent on America and the Europeans to form a strategy and remove this danger.”

The only problem is that Iran's president has never threatened to wipe America or Europe off the map – only Israel. But Israel's new leaders, Olmert and foreign minister Tzipi Livni have developed a new catchall cure-all for all Israel's predicaments from the Iranian nuclear threat to a Palestinian government ruled by a fundamentalist terrorist organization: Israel will follow the lead of “the international community.”

### **Iran Flaunts Low-Level Enrichment to Conceal High-Powered Weaponization Plant**

**14 April:** Hardline President Mahmoud Ahmadinejad's claim of Iranian success in low-level uranium enrichment was more bombastic than frank. In his speech, he neglected to mention a top-secret plant under construction that is designed to run 155,000 centrifuges, enough to enrich uranium for 3-5 nuclear bombs a year.

This is Project B, or the hidden face of the enrichment plant open to inspection at Natanz.

This plant, due for completion next October, is scheduled to go on line at the end of 2007. According to our intelligence sources, running-in has begun at some sections of the Neyshabour installation, which is located 600 km northeast of Tehran. DEBKAFfile's sources reveal too that the Neyshabour plant has been built 150 m deep under farmland covered with mixed vegetable crops and dubbed Shahid Moradian, in the name of a war martyr as obscure as its existence.

In Moscow Thursday, April 13, US assistant secretary of state on arms control Stephen Rademaker calculated that, with 54,000 centrifuges, the Iranians could produce enough enriched uranium for a bomb in 16 days. According to this reckoning, the Neshabour installation, when ready to go in three years, will have three times the capacity of Natanz and be able to turn out 9-15 bombs a year.

Russian experts completed the initial plans in 2003 and construction began in early 2004. In late 2005, Bulgarian transport planes delivered tens of thousands of centrifuges from Belarus and Ukraine; they were transported

directly to Neyshabour. In January 2006, 23 Ukrainian engineers arrived to start installing the equipment, joined in February by 46 Belarusian nuclear experts who are working in shifts to prepare the 155,000 P-1 and P-2 centrifuges for operation.

This compares with 60,000 in Nathanz – of which 40,000 are accessible for inspection while 20,000 are hidden in closed subterranean chambers.

Neyshabour, however, still needs to undergo experimental stages, according to our Iranian sources.

### **Mahmoud Abbas offers to hand control of all the Gaza crossings to Hamas**

**16 April:** This was a turnabout for Abu Mazen, possibly a gesture to quell rising Hamas resentment when only last week ordered the Rafah crossing to Egypt to be placed under the elite Palestinian Force 17 which is controlled by his Fatah.

Our sources that the crossings he proposes to hand over to the Hamas government include also the Gaza-Israel border installations at Karni, Erez and Sufa. This would confront Israel which refuses to have any truck with Hamas officials with a predicament.

According to DEBKAfile's exclusive sources, 40 Hamas official delegates and 12 Jihad Islami operatives reached the Palestinian solidarity conference in Tehran. European and Egyptian border inspectors did not restrict their departure through the Rafah crossing. Neither were they stopped from flying to Tehran out of Cairo international airport.

### **Multiple-rocket launchers go into Palestinian service. Israeli human rights groups sue for IDF to mute its anti-missile barrage**

**16 April:** The new rocket-launcher unveiled in the Gaza Strip is capable of shooting 10 Grad (Quds-3) rockets simultaneously from a truck and is designed exclusively to hit Israeli civilian targets within a range of 18-30 km. In Jerusalem, at the same time, six human rights groups sought a High Court injunction to mute the effectiveness of the IDF's artillery bombardments against Palestinian missile sites for fear of endangering Palestinian civilians. These groups have never pursued court action against the daily Palestinian Qassam bombardments which single out Israeli civilian locations.

The new Palestinian weapon threatens not only the villages surrounding the Gaza Strip and Ashkelon, but also the towns of Ashdon, Netivot and Ofakim, as DEBKAfile first reported on March 30.

1. To maximize Israel casualties and improve the missiles' accuracy. Friday, April 4, a single Qassam missile just missed the Kibbutz Yad Mordecai sports hall causing some damage. A 10-rocket volley of 170kg of explosives would have achieved a vastly broader spread of death and damage than the primitive hit-or-miss Qassam missiles fired daily from the Gaza Strip.

2. To reach and devastate the sensitive Israel power, port, oil and pipeline facilities in Ashkelon

DEBKAfile's sources add: The Palestinian missile crews do not need to hit the core of the big Ashkelon power station; the transformer plant would suffice to black out the entire country. Restoring the power supply to all parts of Israel would take several days.

### **Hizballah's Gaza-based 1800 Forward Command orchestrated massive Tel Aviv suicide bombing that left 9 dead, 65 injured Monday**

**17 April:** This command's mission is to design "quality" terror attacks against Israel. DEBKAfile's exclusive counter-terror sources reveal: The last pieces of the Tel Aviv attack were put in place at a four-way meeting last

week in the Iranian capital between the Damascus-based Jihad Islami chief Ramadan Shalah, the Jihad Islami Gaza commander Mohammad al Hindi, the Hizballah second-in-command Sheik Ali Qassem and the Iranian Revolutionary Guards chief of the al Quds Brigades and Middle East terror networks, General Kasim Suleimani.

The bombing attack at the old Tel Aviv bus terminal Monday was the first suicide strike against Israel to be planned outside Palestinian territory. While from last week, Israeli security forces had more than 70 terror threats in hand, they had no advance intelligence of this one. Hours later, Israeli interrogators were still groping in the dark for the full shape of the conspiracy.

They assume the bomber was kept under wraps by Hizballah agents, who went to the West Bank to choose and prepare him for the mission, well away from Israel's ears and eyes in the Palestinian territory. Cells of the al Aqsa Suicide Brigades of Mahmoud Abbas's Fatah in touch with Hizballah agents were asked to help transport the bomber to his destination.

### **France and Egypt collude to bust Western anti-Hamas funding-banking boycott**

**17 April:** To transfer the \$50 million dollars pledged to the Hamas-led Palestinian government, Tehran has simply opened an account at the Misr International Bank (MiBank) in Cairo, according to DEBKAFile's Middle East sources. This back-door financing route was approved by the Egyptian government. Our sources add that control of the state-owned MiBank was acquired by France's Societe Generale which is also, according to DEBKAFile's intelligence sources, Tehran's main banking channel in Europe. Therefore, the promised Iranian funding of \$50 million can be transferred to Paris and thence to Cairo and the Gaza Strip, easily busting the aid and financing boycott the US and Israel imposed on the new Palestinian government.

As for Egypt, Cairo may go through the motions of blacklisting the Palestinian government under radical Islamic rule, but Egyptian border officials have allowed the Gaza-Rafah crossing to become a two-way highway for the comings and goings of Hamas officials to any Arab or Muslim country they please. This license plus the availability of an Egyptian banking channel expose the Mubarak government as the silent backer of Hamas' efforts to establish itself as the legitimate Palestinian government.

### **Olmert's Opts for Soft Response to Palestinian Suicide Attack**

**18 April:** After the Hamas government justified the suicide attack that killed 9 Israelis, and injured 65, ludicrously as "self defense," a swift, punishing blow to the Palestinian government was taken for granted as a deterrent to further outrages. Instead, acting prime minister Ehud Olmert rejected the advice of military leaders to declare the Hamas government an enemy authority and drew back from hitting Hamas institutions.

Instead a number of administrative measures were approved.

Israel will begin revoking the Israeli residency status of three Hamas officials living in East Jerusalem, among them Mahmoud Abu Tier. They will certainly not miss exposing their case as a propaganda boon, an opportunity to challenge Israel's sovereignty in Jerusalem in Israeli's high court and up to international tribunals and the United Nations.

DEBKAFile asks: Olmert and Livni could have saved themselves this unprofitable exercise if in the first place they had barred Hamas terrorists from running for parliament last January and disallowed polling in Jerusalem. Now it is too late.b>

Israel's security branches will further disconnect the districts of the West Bank by "almost" completely blocking Palestinian passage between the

terrorist hotbeds of the Jenin and Tulkarm districts and Nablus and Ramallah. There would be more roadblocks and more stringent screening. Olmert promises for the umpteenth time to complete the last sections of the barrier supposed to seal Jerusalem to terrorist access. Why is Ehud Olmert like Ariel Sharon before him concealing the real delaying factor, which is not litigation but the serious controversy between Jerusalem and Washington over the fence's route?

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