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*Bush Orders NIE Update on Israel*

**Was the Mismanaged Lebanon War a Hiccup or Symptom of a Deeper Malady?**



**President George W. Bush** has sent a top-secret directive to US intelligence agencies ordering a fresh evaluation of Israel's internal robustness, its ability to function in times of war, the efficiency of its government and the Israeli Defense Forces' operational capabilities.

This is reported exclusively by **DEBKA-Net-Weekly's** Washington sources.

He wants the report on his desk before the end of September.

This is first time an American president has questioned the Jewish state's strategic value since its establishment 58 years ago. Bush is anxious to find out, according to our sources, whether the mishandling of the Lebanon war by Israeli government and military leaders was a passing misstep susceptible to correction and repair or symptomatic of a more profound weakness underlying Israeli society, its political system and armed forces.

The presidential signature on the directive last week was led up to by ten days of intense debate at the National Security Council, the National Intelligence Council- NIC, the State Department, the Pentagon's intelligence service - the DIA and the Central Intelligence Agency - the CIA.

In bureaucratic terms, a senior US official involved in the process and anxious to preserve his anonymity described the presidential directive as the request for an updated National Intelligence Estimate (NIE) on Israel.

"Without saying so explicitly, Bush wants a clear professional answer to complex and loaded questions: Does Israel still measure up to the description of a strong and stable political and military force able to serve the United States as a Middle East ally? Can Washington still count on the Jewish state as a strategic mainstay in the region?"

The US official declined to name the Israeli leaders whose handling of the Lebanon war prompted the president's questions. Neither would he fix the point in the conflict at which the US President began to entertain doubts about the chances of the Israeli government and army pulling out of its jam in Lebanon.

**A large-scale reprisal that ballooned into a full-scale war**

However, **DEBKA-Net-Weekly's** Washington sources, who interviewed several administration officials involved in the Lebanon war, have put together some of the background events which led up to the President's extraordinary decision.

On July 12, Day One of the Israeli-Hizballah war, it was the understanding of Secretary of State Condoleezza Rice, which she passed on to the president, that Israel had launched a large-scale retaliatory raid for the kidnap of its two soldiers and the death of another 8 in a Hizballah cross-border assault.



She estimated an operation of no more than three or four days.

No one in the White House, the Pentagon or the State Department had any inkling that a 34-day war was in train.

The proposal to take advantage of the conflict and give Iran a bloody nose far from its borders cropped up in White House discussions only later, when the Israeli air bombardment, the IDF-Hizballah clashes in Lebanon and the Hizballah rocket offensive against northern Israel had been going on for three days.

It was bandied about in sessions attended, according to our sources, by the president, **Vice President Dick Cheney**, Defense Secretary **Donald Rumsfeld**, the head of the National Security Council, **Stephen Hadley**, Secretary Rice, the Chairman of the Joint Chiefs of Staff **Gen. Peter Pace** and the US Ambassador to the UN, **John Bolton**.

The last two, General Pace and Ambassador Bolton, eagerly pressed for the big reprisal operation to be expanded into a full-scale war.

Our sources report that even after President Bush added his voice to theirs, Condoleezza Rice remained unconvinced.

But on Day Four of the war, July 16, she came round.

It was then that the White House gave Israel the go-ahead for full-scale combat and enough latitude to deliver a mighty wallop – on one condition: the conflict must be kept within the bounds of Lebanon and not ignite the entire region.

This meant that Israel must hold back from direct action against Syria or Lebanon, Hizballah's sponsors.

The two weeks from Sunday, July 16 to Sunday, July 30, were pivotal for the war and for US-Israel relations. It was a testing time most of all for the Bush White House's perception of the new Olmert government, which had been in office less than five months.

Israel's next moves generated the first doubts in the White House.

Although he had been given free rein, **Ehud Olmert** held back from sending ground troops into South Lebanon for a large-scale infantry offensive until too late. When he did, Israeli troops were quickly entangled in a string of costly battles that made no tactical sense, like the engagements in Maroun a Ras, Bint Jubeil and Attia al Chaab.

### **The famed Integrated System comes unstuck**



Heads of the Bush administration found it hard to believe that Israel had gone to war without preparing the north – and potentially the central heartland - for a massive Hizballah rocket offensive which unleashed more than 4,000 rockets in 33 days. Neither could they understand how not a single government body took charge of caring for more than a million targeted civilians, who were either incarcerated in bomb shelters for more than a month or in flight as refugees.

As the fighting wore on, an uncertain White House pressed the Pentagon's intelligence agency, the DIA, to explain these anomalies. But day after day, during those two critical weeks, the Pentagon's military intelligence experts admitted themselves stumped. Their questions evoked stumbling and conflicting explanations from the Israelis, they said.

It was then, **DEBKA-Net-Weekly's** sources say, that the White House top team decided to draw a line under the Lebanon war with a blank after a big question: We understand how Israeli intelligence works, it was said. But we can't understand how the Integrated System supposed to pull together the operations of the various branches of the armed forces, air, tank, artillery, navy and armored infantry, came unstuck. What happened to the IDF's Integrated System whose efficacy was so admired in counter-terror operations

against Palestinians in Nablus and Jenin, Gaza City and Rafah?

A senior White House source familiar with the discussions that took place in the latter two weeks of the war told our sources: "It was the impression at the top American level of government that orders from chief of staff **Lt. Gen. Dan Halutz** down to the Northern command and the division commanders on the ground were not translated into action for lack of coordination between the command centers and the field officers. The Israeli army appeared to have tied itself in knots."

### **Rice seeks wisdom outside the White House circle**

At the beginning of the second week of combat, DIA agents reported they had turned to **Maj.-Gen Dan Harel**, military attaché at the Israeli embassy in Washington, for some clarification. Chief of the IDF's Southern Command in 2005, he was currently senior liaison officer between the IDF and US security and intelligence establishments. They told him they needed some fast elucidation.

According to our American sources, Gen. Harel got back to the DIA 24 hours later. He regretted he was unable to give them answers because he had found no one in government in Jerusalem or the General Staff in Tel Aviv willing or able to brief him. He remarked that this was not a new occurrence; from Day One of the war he had not been updated.

It was then that the White House became really alarmed and began to seriously wonder what Olmert and his top commander were up to.

It was the end of July, two weeks and roughly midway into the conflict, when the president experienced a crisis of faith in the Israeli government's conduct of the war.

At a loss, the Secretary of State sought wisdom from more seasoned heads outside Washington's decision-making circle.

She chose two of her predecessors as secretary of state: **Colin Powell**, a former general and Chairman of the Joint Chiefs of Staff at the time of the first Gulf War in 1991; and **Alexander Haig**, President **Ronald Reagan's** Secretary of State who worked the American end of Israel's 1982 invasion of Lebanon, which brought the Israeli army to Beirut and caused **Yasser Arafat** and his Palestinian army to be banished from Lebanon.

In the 1970s, Gen. Haig's was commander in chief of the North Atlantic Alliance.

Secretary Rice posed these two warhorses two questions:

1. Is the current Lebanon war winnable?
2. Can Israel come out the victor?

**DEBKA-Net-Weekly's** sources disclose their replies.

Colin Powell was the most sanguine, offering positive answers to both questions.

In his view, Israel was capable of winning the war, notwithstanding the many difficulties ahead – but only by mobilizing more divisions and conquering half of Lebanese territory as in 1982. Israeli troops would have to enter Beirut (which did not happen in 2006) in order to conduct a tough search-and-destroy crackdown against Hizballah.

There is no other way to wipe out a terrorist organization/militia, said Colin Powell – certainly not by air as the Israelis have been trying to do.

### **Stopping the war and passing the buck to the Europeans**



Alexander Haig took a different line.

According to some sources, the former Reagan official did not directly address Rice's two questions. He offered the view that the war situation in Lebanon did not look good for America or Israel and regretfully informed Rice that the Israelis were in bad trouble in Lebanon and the IDF had no hope of achieving its war goals.

Armed with a range of opinions, **DEBKA-Net-Weekly** reports that Condoleezza Rice came to the decision on August 1-3 that there was no option but to break away from cooperation with the Israelis, chart an exit path from the Lebanon war and co-opt the Europeans to a plan for bringing the war to a close.

Tuesday August 3, was the day that Bush revised Israel's standing in Washington.

He summoned Rice and said the war must be stopped because there was no longer any hope of attaining its most important objective for the United States, namely a thrashing for Iran.

Bush is then quoted by some sources as making the following remark: Those Israelis; not what we thought.

It was this thumbs-down that produced the presidential directive ordering a National Intelligence Estimate (NIE) update with regard to Israel, based on a hard look at the quality of Israel's contemporary political and military leadership

The new report is expected to address some of the unanswered enigmas of the Lebanon war. As a senior Pentagon source put it to **DEBKA-Net-Weekly**: "The big question is why the big military step that was supposed to have taken place in the last week between August 7 and August 11, the knock-out blow, never materialized.

He was referring to the dash several divisions were poised to make – but didn't - from the eastern slopes of Mt. Hermon to the Litani River.

American officials are now saying: We gave the Israelis time, weapons (by airlift), intelligence and, most important of all, trust. "We were confident they would follow through. Now we know they didn't. Good faith has gone by the board."

Similar tough questions and doubts at home are shaking Israel's ruling establishment to the core and threatening an upheaval that will sweep it away. They come from powerful groups of Israel's most respected reserve generals and intelligence officials, who show incipient signs of revolt against the Olmert government and the top military command. But they are also dividing the governing coalition parties.

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### ***US Middle East Redeployment***

## **Western Mediterranean Fleets Spy on Each Other, Anticipate a US-Israel Strike against Iran**



The US Pentagon announced last week that the Israel, Syria and Lebanon arenas would be detached from CENTCOM and **Gen. John Abizaid's** charge and transferred to US EUCOM, under **General James Jones**, US European commander and NATO Supreme Allied Commander - Europe.

Iraq, Afghanistan, the Arab countries and the Persian Gulf will stay with CENTCOM.

At the same time, the Americans have boosted their land, air and sea units in the eastern Mediterranean under Navy **Vice Admiral J. "Boomer" Stufflebeem**, commander of Joint Task Lebanon.

These changes, which for the first time have split the Middle East between two US command centers, stem from the fallout of the Lebanon War, the arrival of European military forces in Lebanon under the UN aegis and the expectation of more military conflicts involving Iran and the Hizballah.

*USS Mount Whitney* is the flagship for commander Second Fleet/Commander Striking Fleet Atlantic.

It is the platform for 200 joint personnel manning the JTF Lebanon headquarters staff, as well as exercising command of Task Force Bravo, with its 1,800 sailors, Marines, Air Force medical personnel and civilian mariners serving aboard the *USS Barry*, the *USS Trenton*, *HSV Swift* and *USNS Kanawha*.

Above all, the *Mount Whitney* has a uniquely sophisticated command and control suite.

**DEBKA-Net-Weekly's** military sources report that the posting of the *Mount Whitney* in command of the task force opposite Lebanon attests to four American objectives:

1. To provide the European troops in south Lebanon with the most sophisticated command, control, communications, computer and intelligence backup the Americans have. This vessel's systems are capable of tracking any land, air or land movements by Iran, Syria or Israel in the region and offering timely early warning to UNIFIL commanders.
2. Viewed another way, the *Mount Whitney* cruising opposite the Lebanese coast exposes every European military movement to American eyes, including those of the French 38,000 ton, nuclear-powered aircraft carrier *Charles de Gaulle*, the Italian aircraft carrier *Garibaldi* and four other naval ships due to reach Lebanon by Friday, Sept. 1.
3. The ability to monitor the advanced Iranian intelligence and surveillance systems based in Syria near the Lebanese border and keep watch on the Iranian military intelligence units operating out of Syrian air bases and Syrian intelligence and air force staff headquarters in Damascus.
4. The *Mount Whitney* can keep an eye on Israeli naval and air force activity opposite Syrian and Lebanese shores and Israeli troop movements in northern Israel and southern Lebanon.

**DEBKA-Net-Weekly's** military sources add that the concentration of this much Western operational naval power opposite Lebanon is way over the top in terms of support for UNIFIL's European contingents. Certainly, a force of 7,000 men does not call for the support of two aircraft carriers and fleets numbering at least 15 assorted warships.

Thursday, Aug. 31, Germany decided to pitch in with two frigates and 1,200 or more seamen.

Western Europe is clearly taking advantage of the Lebanon crisis to mass its naval strength in eastern Mediterranean waters in good position for stalking any potential American or Israeli military action against Iran. If Berlin, Paris and Rome did not believe in the high probability of some such action in the works, they would not have massed so much of their naval might in front row seats.

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### ***Iran Upgrades Uranium Enrichment to 20%***

### **Tehran Is Really Not Afraid of Sanctions**

The bottom line of the last intelligence briefing presented to Iran's supreme ruler **Ayatollah Ali Khamenei** on the morning of August 31, the day the UN Security Council's ultimatum expired, was very



simple: Iran has no reason to fear international sanctions for failing to halt uranium enrichment. To the contrary, it must continue to forge full speed ahead with its nuclear plans before an effective international coalition can step in and smother the program.

This advice prompted the **Mahmoud Ahmadinejad's** contemptuous bravado. In the speeches he made Tuesday and Thursday, August 29 and 31, he sneered at the power of sanctions to halt or hold up Iran's nuclear program for a moment.

**DEBKA-Net-Weekly's** Iran sources reveal that **Ali Larijani**, secretary of the Supreme National Security Council, and members of the Iranian nuclear energy agency helped compile this particular intelligence briefing.

As a rule, they are compiled by the Intelligence Ministry which presents them each morning to the supreme ruler.

All three elements agreed that Iran can withstand any kind of sanctions, although they were sure that a sanctions resolution would never get off the ground at the UN Security Council's Thursday night session, which considered Iran's failure to halt its uranium enrichment work.

The intelligence report also revealed that the first series of home-made P-2 centrifuges was running smoothly in the Natanz plant after the problems occurring while running them in were overcome. It was now proposed to start mass-production.

But the most sensation disclosure in the report was a development denied often in the past, but confirmed now by **DEBKA-Net-Weekly's** Iranian sources: Iran has managed to produce enriched uranium graded to 20% in the laboratory. This opens the way for still higher levels, although much more time will be required to produce more than small quantities with the resources to hand.

More immediately, Iran will be getting down to producing a second series of P-2 centrifuges and has made a start on the third.

On the orders of Khamenei's office, the Islamic Republic's nuclear program's heads aim to manufacture and install from 40 to 50 thousand centrifuges within a year, enough to produce several kilograms of uranium enriched to 80-90% - i.e. weapons grade - within 10 months.

The P-2 breakthrough was achieved, according to our sources, with the help of a Pakistani expert secretly hired and brought over last May. He is a member of the Pakistani nuclear black marketeer **Abdul-Qader Khan's** team.

**DEBKA-Net-Weekly** has reported in the past that A.Q. Khan's nuclear ring, the largest ever discovered, was never fully exposed and large sections and connections are being run by team members still at large and working in different countries.

According to our information, the Pakistani hired by Tehran arrived with an Iranian passport issued in a false name. He left Pakistan without government permission but Pakistan's interior and defense ministers were certain au fait with his activities.

It was this expert who ironed out the problems holding up Iran's production of the P-2 centrifuges.

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***Bush Rethinks Democracy for Middle East***

**Dramatic US Policy Changes in Store for Iraq**



Iraq's temporary demotion from the front pages by the Lebanon War and the impending showdown with Iran has occasioned three policy U-turns by US **President George W. Bush**.

They are disclosed here by **DEBKA-Net-Weekly's** Washington sources:

**One:** For the first time in the three-and-a-half year war, the US president agreed to consider boosting US forces in Iraq by 30,000 troops, raising the level to 200,000 men.

He was influenced by the success of the US-Iraqi security build-up in Baghdad to 21,000, which has begun to scale down the daily score of deaths in the Iraqi capital. Bush agreed that more troops in Iraq's main cities would help reduce terrorist attacks.

**Two:** In another first, he gave the go-ahead for a plan to bypass the deadlocked Iraqi parliament compiled jointly by prime minister **Nouri Maliki** and US ambassador in Baghdad **Zalmay Khalilzad**.

They proposed calling together a gathering of 600 Sunni and Shiite hereditary tribal sheikhs from across the country. Acting as a sort of Grand Council, the assembly's decisions would be accepted by the tribesmen who refuse to obey the edicts of parliament.

**DEBKA-Net-Weekly's** sources in Washington and Baghdad emphasize that by endorsing this plan, the US president gave up one of his most cherished convictions that the introduction of democracy in the Middle East formed the apex of his presidency. However, after he was persuaded that this step would also help lower the level of terrorist violence, he decided to look on hereditary tribal rule as a form of indigenous democracy that suited Iraq.

Khalilzad was able to convince the president that the only way to eradicate terrorism in the country was to separate the domestic insurgency from al Qaeda and its affiliates. Handing real power to the tribal sheikhs would give each of them an incentive to pull the members of their tribes away from the violent groups.

### **Some consensus, plenty of divergence**

The first gathering of the tribal sheikhs took place in Baghdad on Saturday, Aug. 26 under the heading Promoting National Reconciliation. Prime minister Maliki warned the assembled chiefs that Iraq would not be free until its rival sects agreed to live together. He called on them to confront terrorism and shut the door to the sectarian hostilities that were consuming the country.



The conference was able to agree on a 21-point final statement.

While supporting the Maliki government's efforts at reconciliation and condemning sectarian murder, the tribal chiefs also called for the release of detainees in Iraqi and American prisons.

They agreed on a re-evaluation of the Baathists' role in society and the need to disband armed militias and submit their weapons to the state.

The cabinet must outlaw terrorist organizations operating in Iraq.

They urged enhancement of the tribal role in Iraqi politics by creating an independent tribal committee to address the various tribes' needs.

A decision was taken "to introduce the people to the federal concept," a formula that addressed the broad divergence of views on the question.

While a Shiite leader, **Abdel Aziz al-Hakim**, demanded a referendum on autonomy in the south, a Sunni tribal leader **Abdulrazak Suleiman** said federalism should be put on hold for five years.

A Sunni cleric, MP **Al Jinabi**, announced that the Islamic Clerics Committee, which speaks for the Sunni insurgent groups, had set four conditions for

taking part in the National Reconciliation project. The top priority, he said was to establish a dialogue with the Clerics Committee. Then, a timetable must be set for the withdrawal of occupying forces, the “resistance” must be recognized and the Constitution put on ice.

**Three:** The US president made it known that in return for a pledge to halt the violence, he would accept the opening of Iraq’s political and security doors to ex-Baathists and an end to their persecution.

This message, conveyed by Maliki and Khalilzad, paved the way for the Sunni tribal leaders’ consent to join the gathering’s consensus and promote dialogue with the Islamic Clerics Committee.

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### *Saudis on the Move*

## **Isolate Iran, Spike Syria, Revive Pan-Arabism**



Affairs in the Middle East are zipping along much too fast for the liking of Saudi Arabian monarch **Abdullah bin Abdulaziz**. He is deeply troubled by Iran’s race for a nuclear weapon and its latest burst of military muscle-flexing.

The limelight focusing on Iran’s biggest military maneuver ever, Zarat-e Zolfaqar; the placing of its population of 70 million on a state of war preparedness and the Lebanon upheavals distracted attention from the oil-kingdom’s most signal policy about-turn in decades: Riyadh’s return to the American security fold (**first uncovered by DNW 266 on Aug. 18: Saudi and Gulf Emirates Turn back to the American Military Umbrella**).

DEBKA-Net-Weekly reveals now that, as a companion piece to this reversal, Abdullah has launched a vigorous campaign to revivify Pan-Arab unity on the basis of the dredged-up Peace Plan he unveiled as Saudi Crown Prince at the 2001 Arab summit in Beirut and which was by 2001 summit.

(The plan calls on Israel to give up all the lands won in the 1967 War including all parts of Jerusalem and guarantee the return to their homes of the Arabs who fled Israel in 1948 and their descendants. In return, Arab states would offer Israel “normal relations.”)

The Saudi king’s intentions emerge in a rare interview published in the Saudi-owned publication *Shawq al-Awsat* on Aug 26 and were delineated by Saudi foreign minister **Prince Saudi al-Faisal** after the Arab foreign ministers’ meeting in Cairo last Sunday.

The full Arab summit next week will provide a testing stone for the new-old Saudi proposal.

The Saudi princes have been propelled into proactive initiatives by the menace they sense emanating from Tehran. One of its manifestations is the torrent of provocative language pouring out of the Iranian capital.

Iran, they fear, is capable of abdicating from the Non-Proliferation Treaty and dumping its international obligations to escape the heat of the opposing pressures on its uranium enrichment project from threatened sanctions by the Western powers, on the one hand, and the Russian-Chinese drive for diplomacy, on the other.

## **Saudi investors compete with Iran in Lebanon’s reconstruction**

Another manifestation worrying Riyadh is Iran’s deepening interference in Lebanon combined with



its active sponsorship of Hizballah and close partnership with Syria. These elements are seen as the ingredients of the stew which boiled over into the Lebanon War last month.

The Saudis have taken vigorous steps to shore up the Lebanese government and its army's control of the south and rid the border with Israel of the Hizballah presence.

Since the ceasefire went into effect on August 14, Saudi entrepreneurs are encouraged to sink billions of dollars in Lebanon's reconstruction. Riyadh is determined to frustrate Hizballah's push to commandeer the national project for restoring war damaged areas, starting with Beirut's Dahya and the villages of the south with help of Iranian petrodollars. Tehran has allocated more than \$250 million for the project. The Saudis are determined to outspend Iran and use their petrodollars to purchase a dominant Arab Sunni voice in Beirut and undercut Iran-backed Shiite influence.

Syria and its president **Bashar Asad** are also in for some serious downgrading at Saudi hands.

Notwithstanding their family ties, the Saudi monarch sticks to his low opinion of the Syrian president. When Bashar succeeded his father in September 2000, Abdullah decided he was neither serious nor responsible. He sees no reason to change his mind, especially since the Lebanon War.

Abdullah was especially irked by Asad's belligerent speeches in the course of that conflict in which he criticized fellow Arab leaders. If not cut down to size, the Saudis believe, he is capable of dragging the Arab world into a general conflict which no one needs.

In his *Shawq al-Awsat* interview, King Abdullah outlined the goals of his policy shifts:

1. To isolate Iran and its Arab allies and cut down their influence in the region.
2. To annul the veto prerogative which gives Syria and other radical Arab governments a disproportionate say in the resolution of regional issues at Arab League conferences.
3. To initiate comprehensive solutions for the conflicts sapping regional stability, such as the Palestinian, Iraq and Lebanese issues.
4. To create a Pan-Arab alignment. It would not be the silver bullet for eliminating Iran's military and nuclear threat, but its moderate components could make the Shiite rulers extremely uncomfortable by shunning their regime as a pariah in the Arab Sunni-dominated Middle East. The Saudis and fellow moderate Arab governments would use their coalition as a protective wall against the backlash of a potential American punitive action against Iran, be it diplomatic, economic or military. The risks range from retaliation by Iran against their own oil installations, a blockade of the Hormuz Strait sea outlets for their oil exports, or direct military aggression.

### **Depriving Syria of its veto powers in the Arab League**

The implication here is that the Saudi royal house has opted for a passive role in the international controversy over Iran's nuclear armament, leaving concrete steps to the world powers led by the United States.

As for Syria, **DEBKA-Net-Weekly's** Gulf sources reveal that the Saudis have already got down to brass tacks for cutting down Bashar Asad's leverage; they are working on amending the Arab League charter so that resolutions can be carried by an ordinary majority instead of by unanimous assent. This amendment would deprive Syria and other radical rulers of their veto power for obstructing the Arab League's business and strengthen the hands of Saudi, Egyptian and other moderate nations.



Abdullah is lobbying hard for his peace plan. At the same time, if the Arab League adopts this amendment, it will open itself up to diverse outside initiatives which were thrown out automatically hitherto for lack of unanimous acceptance. Proposals which could find their way to the Arab League's agenda might include possible solutions for the Iraq crisis or guarantees to protect Lebanon from Syrian subversion. The Asad regime would be faced with the hard choice of sticking with an isolated Iran or teaming up with concerted Arab accommodations in the region.

Abdullah's Pan-Arab master plan needs American underpinning and encouragement, which he has taken steps to procure. **DEBKA-Net-Weekly's** Saudi experts have noted one of these steps as being to convince Washington that his extensive Far East tour last year in no way marked a change in Riyadh's foreign policy orientation or its high regard for the United States as its key ally.

Saudi oil strategy is likewise held up as firmly anchored to moderate pricing. On no account will Riyadh chase away its European and Western buyers by raising prices.

According to our sources, the Saudi policy position as described here, even before its final formulation, is under careful examination in Washington as well as in Arab and Western capitals.

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### **HOT POINTS**

#### **A Digest of DEBKAFfile Round-the-Clock Exclusives in Week Ending August 31, 2006**

##### **Israeli anti-government protesters visit late prime minister Golda Meir's grave**

**25 August:** At her graveside on Mt. Herzl, Jerusalem, they held Mrs. Meir up as the model of a leader who took responsibility for the failings of the 1973 Yom Kippur War in support of their demand for the Olmert government to step down.

The movement spearheaded by army reservists who fought in Lebanon joined by bereaved families of the fallen has gathered in Katyusha victims from the north. They accuse the government of dereliction of their duty in failing to care for the hundreds of thousands of citizens victimized by Hizballah's rocket blitz.

The movement sprang up after hundreds of officers and men of the crack Alexandroni Brigade which fought in Lebanon leveled charges against the Chief of Staff, Lt. Dan Halutz at a meeting in Hadera. One carried a banner with the motto: You prevented us from winning.

##### **Ahmadinejad inaugurates heavy water plant which can manufacture plutonium for weapons**

**26 August:** Touring the site at Khondab near Arak, 190 km southwest of Tehran Saturday, Aug. 26, the Iranian president said Iran is not an atomic threat – even to Israel. But five days before the UN deadline for Iran to halt uranium enrichment, he boasted the Arak plant will be able to produce 16 tons of heavy water a year.

This is taken by DEBKAFfile's military sources as confirmation that, in addition to accelerated uranium enrichment, Iran has embarked on a second technology for producing fuel for nuclear warheads – plutonium as a by-product obtained from the Bushehr nuclear reactor.

Tehran is thus doubly defying the West and the UN after sending a fudging response to the incentives package on offer for abandoning enrichment.

The United States, Europe and Israel have every reason to be fearful of the course on which Iran is speeding forward pell-mell.

DEBKAfile's military sources report Tehran is taking encouragement from the quiescence of the Bush administration and Israel on two linked issues: a European force for Lebanon which announces in advance that it will not disarm Hizballah or bar its acquisition of massive quantities of war materiel from Iran and Syria; and Iran's nuclear advances.

### **Kofi Annan rides roughshod over Israel's security demands**

**26 August:** UNIFIL-2, which will deploy in two stages starting early September, "will not be used along Lebanon's long and porous border with Syria to stop any shipments of arms reaching Hizballah," the UN secretary admitted Friday night from Brussels.

This confirms DEBKAfile's report Friday that Israel has failed to obtain a pledge to enforce the UN embargo on arms for Hizballah's rearmament from Iran and Syria.

Annan also stated: "Troops are not going in there to disarm – let's be clear." Disarming Hizballah, he said, is a subject for "political agreement among the Lebanese -" (a direct contradiction of UN Security Council resolution 1552).

Annan also spoke of "international guarantees" to secure Israel against further attacks. In other words, that is not UNIFIL's job.

The UN Secretary General will go ahead with raising more international soldiers from Indonesia, Malaysia and Bangladesh, despite their refusal to maintain diplomatic relations with Jerusalem. He said he would take the best peacekeepers "wherever he can find them" – even if Israel does not accept this.

### **Hassan Nasrallah's apologetic speech contrasts starkly with his rapid rearmament**

**27 August:** Hizballah's leader said in a broadcast speech Sunday night that he would not have ordered the kidnap of two Israeli soldiers had he known it would lead to full scale war.

DEBKAfile reveals the other side of the picture: Nasrallah has just finished reconstituting his Southern Nasser Brigade command (short range Katyusha rockets) in the port town of Tyre. His fighters reached Tyre at the same time as French UNIFIL troops landed in the same port but were not noticed.

DEBKAfile's Beirut sources report Nasrallah goes in fear of an Israeli attempt on his life. He therefore resisted the UN secretary Kofi Annan insistent request for a meeting in Beirut lest its venue leaked out and Israeli warplanes found him. He has called off a victory parade he had planned for next week in the southern Beirut Shiite suburb of Dahya among the ruins left by Israeli air strikes. Nasrallah wanted to take the salute of his armed men as they marched past with Fajer-3 and Fajer-5 rockets. An intelligence tip-off that the Israeli air force and navy were waiting to bomb the parade persuaded him to cancel the event.

### **A Hostage Affair in Gaza with a Shabby Ending**

**27 August:** It is hard to blame the two Fox News journalists, the American Steve Centanni, 60, and the New Zealander, Olaf Wiig, 36, for converting to Islam on tape to buy their way to freedom from their Palestinian abductors.

It must also be said that the Palestinian kidnappers walked away without suffering any harm and can keep on snatching victims without fear. In fact, the prime minister Ismail Haniya, who belongs to an Islamist terror group,

was allowed to take credit for the release and whitewash his Hamas movement after winning a face saver in the form of the conversions and an anti-American diatribe from Wiig.

It worth considering that shortly after Centanni and Wiig were snatched on Aug. 14, the various intelligence agencies operating in Gaza knew who the kidnapper was: the Palestinian warlord Zakaria Dughmush, who had been hired by the Hamas group which on June 25 kidnapped and - is still holding - the Israeli soldier Gilead Shalit.

In the final reckoning, the Palestinians got off scot-free without releasing the Israeli soldier..

### **The northern tip of the West Bank was designated “Jihadland” by Shin Bet Director Tuesday**

**29 August:** Yuval Diskin revealed that the security service he heads had strongly advised the former prime minister Ariel Sharon to refrain from evacuating the northern West Bank last summer, for fear of its falling into the hands of the most extremist Palestinian fundamentalists terrorists – as in fact has happened.

Addressing a parliamentary panel, he reported Palestinians Hamas terrorists are building an army modeled on Hizballah with the help of Iranian terror experts smuggled in together with quantities of Katyusha and Grad rockets through the Egyptian-Gaza Strip border past European inspectors and Egyptian police units.

### **First wave of arrests inside Hizballah of suspected informers to Israeli intelligence**

**29 August:** No commissions of inquiry for Hassan Nasrallah’s organization. Hizballah’s special security agents are rounding up suspects in the northern Beqaa Valley, Baalbek and South Lebanon of members suspected of tipping off Israel intelligence on the location of the heavy Zelzal missile storehouse. Those missiles, no more than three or four, were held in reserve as Hizballah’s most devastating strategic weapon against Israel.

### **Olmert’s two inquiry panels for Lebanon War universally slammed as a fig leaf**

**29 August:** DEBKAfile: Neither commission is empowered to interrogate or subpoena witnesses, certainly not to fire the national war leaders found culpable of the blunders or lapses committed in the Lebanon conflict.

The general consensus is that Olmert opted to duck the public clamor for a state inquiry commission because its members would have been appointed by the chief justice rather than the government and vested with powers to quiz and sack elected and public figures.

### **Israel’s Intelligence Chiefs Warn Lebanon War Is Relocating to Gaza**

**30 August:** Israel’s intelligence chiefs have formed a new lobby to put their warnings in the public domain. The first to speak out was the Shin Bet director, Yuval Diskin.

He represented the heads of AMAN-military intelligence and the Mosad when he revealed to the Knesset foreign affairs and security committee Tuesday, Aug. 29, that Palestinian terrorists, notably Hamas, were employing Hizballah’s Lebanon tactics and building a Katyusha deployment, bunker network and anti-tank missile arsenal in the Gaza Strip. The northern West Bank, he said, had been taken over by Hizballah agents and radical Jihad Islami terrorists.

In the wake of the Lebanon war, the three security chiefs have resolved to stand guard over Israel's national security interests against strategic misjudgments by prime minister Ehud Olmert, defense minister Amir Peretz and chief of staff Lt. Gen. Dan Halutz.

DEBKAFfile's military sources report that the heads of the lobby are convinced that the Palestinian menace to Israel is as great as Hizballah's in Lebanon and becoming more acute.

They are campaigning for the Israeli army to reoccupy the Gaza-Egyptian border strip known as the Philadelphi route and create a security zone one kilometer wide from Kerem Shalom to the Mediterranean so as to cut the Gaza Strip off from Sinai, which has become a paradise for weapons traffickers since Israel's pullout from Gaza.

DEBKAFfile's intelligence sources report Hizballah is keeping its head down in S. Lebanon and pretending to cooperate with the Lebanese army, while secretly working with Palestinians in Gaza and the West Bank to open new fronts against Israel until they are ready for the next round from Lebanon.

### **A large group of IDF reserve generals will ask Lt. Gen Dan Halutz to step down as chief off staff**

The ex-generals will call on him to take responsibility for the IDF's missteps and mistakes in the Lebanon war. The retired generals have written a joint letter to the chief of staff decrying the first war ever fought by Israel's armed forces in which division and brigade commanders conducted battles from rear command posts instead of leading the men in the field.

The members of this group are due to attend a gathering of 100 reserve generals invited by Halutz for a general debate on the Lebanon war and its consequences. They intend to stand up and call for his resignation.

DEBKAFfile's military sources have learned that a group of senior Tank Corps officers plan to join the demand, charging that tank forces were improperly deployed in the Lebanon war and their crews therefore sustained heavy loss of life.

### **UN Secretary General Kofi Annan demands an Israeli pledge not to attack Iran**

**30 August:** Our exclusive Jerusalem sources reveal that the issues raised at his press conferences with Israeli PM Ehud Olmert and FM Tzipi Livni – the full implementation of UN resolution 1701, the Israeli blockade of Lebanon, the kidnapped Israel soldiers, the embargo on imported weapons for Hizballah - were not what really exercised the UN Secretary General. Behind closed doors, he demanded an Israeli guarantee of non-aggression against Iran regardless of the accelerated tempo of its nuclear program, its leaders threats and its support for Hizballah's assault. He told Olmert he intended placing this assurance in the hands of supreme ruler Ayatollah Ali Khamenei in person.

Olmert turned him down. Kofi Annan departed Jerusalem empty-handed, as he did Beirut, where Hizballah refused to part with the slightest scrap of information on the abducted Israeli soldiers for him to carry to Jerusalem.

### **Israel pulls out of another patch of land in the eastern sector of South Lebanon, completing the handover of nearly half of the territory**

**31 August:** The Hatzbani plain between the river and the Hermon slopes was transferred to UNIFIL and the Lebanese army Thursday, Aug. 31, after Hizballah forces removed themselves and weapons from the area. The Hizballah withdrawal included the Shabaa and Shuba enclaves opposite Israeli positions on Mt. Dov. Their positions were taken over by the United

Nations Indian brigade.

Our sources report that Hizballah relinquished a presence opposite the disputed Shabaa Farms for the first time in six years as part of its overall redeployment in all of Lebanon. The Israeli withdrawal began after the Aug. 14 truce went into effect, but Israeli troops still control the entire Lebanese-Israeli border line.

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