ISRAEL REPORT

To provide greater exposure to primary Israeli news sources and opinions in order to become better informed on the issues, and to gain a better understanding of the wide range of perspectives that exist in Israeli society and politics. Issue 1088 • January 12, 2018 • 25 Tevet 5778

SETTLERS THROW STONES AT PALESTINIANS AFTER FATAL Territories, Maj. Gen. Yoav Mordechai, warned Fatah leaders Wednesday against such remarks. At Shevach's funeral, several mourners called for

A video surfaced Wednesday showing skirmishes between Palestinians and a group of settlers, in which the latter can be seen throwing stones at Palestinian homes in the West Bank following the funeral of Rabbi Raziel Shevah, who was murdered in a drive-by shooting attack on Tuesday near the outpost Havat Gilad.

According to the Palestinians, the settlers in the video, some of whom were masked, shattered windows of houses of the local residents in the town of Jit in Qalqilya near Kedumim .

Dozens of Israelis marched to the Palestinian villages near Fara'ata and Jit where they began venting their anger over Shevah's murder by throwing stones and causing damage to some of the houses.

The IDF said that the violent incident was brought to an end after the crowds were dispersed awith the arrival at the scene of soldiers and local police. No one was injured during the clash.

Raziel, who worked as a mohel (who performs the circumcision of babies) and volunteered in Magen David Adom (MDA), was murdered in a drive-by shooting near Havat Gilad. He is survived by his wife, Yael, and their six children: Renana, 10, Naomi, 8, Miriam, 6, Malka, 5, Ovadia, 3, and Benayahu, only 10 months old.

NO LONE-WOLF ATTACK: THE GUIDING HAND BEHIND A RABBI'S MURDER IN THE WEST BANK (Ha'aretz 1/11/18)

The murder of Rabbi Raziel Shevach Tuesday night seems to have been a well-planned attack, different from most of the stabbings, car-rammings and shootings in the territories in the past few years. The fatal shooting appears to have been the act of a skilled terror cell, not a random crime of opportunity.

Most recent local terrorist shootings have homemade Carl Gustav ("Carlo") submachine guns. Shevach was presumably shot by guns of standard manufacture — either one or two. More than 20 bullets were fired during the incident, presumably from a passing car driven by a person who was not involved in the shooting. Similar previous attacks were preceded by intelligence-gathering. The perpetrators may have used a lookout, stationed on the access road to Havat Gilad, who spied an easy mark — an Israeli, driving alone after dark.

In recent months the Shin Bet security service has apprehended in Samaria, the northern West Bank, several Hamas cells, most of them operated from the Gaza Strip and in the process of planning abductions or gun attacks. That seems a likely direction for this investigation as well. Whether these were Hamas or Islamic Jihad militants or even rogue Palestinian policemen, it seems there was a guiding hand behind the attack.

This latest attack comes at a time of relative calm, after several weeks of unrest triggered by U.S. President Donald Trump's December 6 recognition of Jerusalem as Israel's capital. Successful terror attacks have a tendency to replicate. The effort spent on tracking down this cell is meant not only to prevent it from carrying out additional attacks but also to head off a possible wave of copycat attacks.

And yet, these are not ordinary days, if such a term can be used in the context of the territories. On the backdrop of the disappointment with Trump and what seems to be the twilight of the Abbas regime, increasing numbers of senior Fatah figures are again expressing supporting for a resumption of the armed struggle. The Coordinator of Government Activities in the

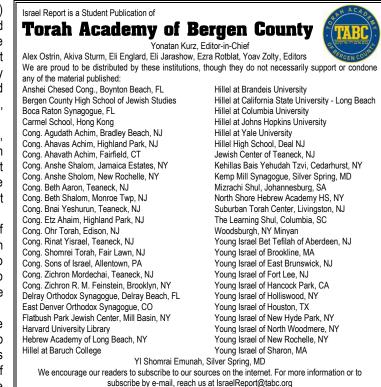
Territories, Maj. Gen. Yoav Mordechai, warned Fatah leaders Wednesday against such remarks. At Shevach's funeral, several mourners called for revenge. Education Minister Naftali Bennett responded by saying the only revenge would be continuing to build in the territories. Bennett, Justice Minister Ayelet Shaked and Defense Minister Avigdor Lieberman promised settlers to regulate Havat Gilad, the outpost where Shevach lived.

This area has a blood-soaked history, ever since the beginning of the second intifada. Gilad Zar, the outpost's namesake, was the security officer of the Samaria Regional Council. He was wounded in a shooting attack on a road nearby but managed to recover, only to be murdered two months later (in May 2001) in another attack in the area.

When then-Prime Minister Ariel Sharon paid a condolence call to Gilad's father, Moshe Zar, a real-estate dealer (who was seriously wounded himself while fighting under Sharon at the 1956 Mitla Pass battle in Sinai), cameras showed an bewildered Sharon facing being lambasted by the family. The grieving family protested the loss of their sense of security on the area's roads and demanded harsh retaliation against the Palestinians. A few months later the illegal outpost was established and since then, in the shadow of a few attempts by the state to evacuate it, there has been an ongoing legal and political battle over its authorization. Sixteen and a half years have passed since Sharon's visit to Moshe Zar and there is no denying that security on West Bank roads has greatly improved since the peak of the second intifada. And yet, emotions still run high and both the texts and the disagreements are nearly unchanged.

ISRAEL SET TO APPROVE THOUSANDS OF NEW SETTLER HOMES (Israel Hayom 1/10/18)

Defense Minister Avigdor Lieberman was expected on Tuesday to present



the Judea and Samaria Zoning and Planning Committee with plans for the leading to increased mortality rates from infectious diseases. construction of thousands of new homes in the area.

Lieberman is promoting the immediate construction of 1,285 new homes and is pushing for the planning of an additional 2,500 housing units in 20 Judea and Samaria communities.

The plan calls for 433 homes to be built in the central city of Ariel; 100 in the Gush Etzion communities of Beitar Illit, Emanuel and Oranit; 53 in the Gush Etzion town of Efrat; 22 in the Jerusalem suburb of Maaleh Adumim, and 32 in the Jewish community in Hebron.

"We pledged to promote construction in Judea and Samaria and we are keeping our word," Lieberman said in a statement issued Monday.

In accordance with an agreement reached between Israel and the United States on settlement construction, new housing project will be approved in four lots.

The development of Jewish communities in Judea and Samaria is one of the thorniest issues hindering efforts to restart Israeli-Palestinian peace talks, frozen since 2014. Most countries consider Israeli construction in the area as illegal. The Palestinians argue that the Israeli construction denies them a viable contiguous state.

Israel disputes that assertion, saying the future of the settlement enterprise should be determined as part of the peace talks with the Palestinians.

Asked about the construction plans, a U.S. State Department official said there had been no change in policy on settlements and the Israeli government had made it clear that "its intent is to adopt a policy regarding settlement activity that takes the president's concerns into consideration."

"The United States welcomes this. As the president has said repeatedly, the administration is firmly committed to pursuing a comprehensive peace between Israelis and Palestinians," the official said.

EDUCATION SPENDING SURPASSES DEFENSE AS TREASURY UNVEILS 2019 BUDGET (JPost 1/10/18)

In what may be an unprecedented change in priorities, expenditures for education are projected to exceed those for defense, with spending for schools set at NIS 57.1b., followed by defense allocations totaling NIS 55.7b. and National Insurance costs at NIS 44.2b.

"It's a good sign that we don't have to spend as much as we once needed to on defense," said Prof. Dan Ben-David, who is affiliated with both Tel Aviv University and the Shoresh Institution for Socioeconomic Research.

"We're becoming more and more like a normal country, worried about education and the future. But spending more money is not a substitute for serious, comprehensive reform," he said, citing poor achievement levels nationwide, and in the Haredi and Arab school systems in particular.

Finance Minister Moshe Kahlon is also requesting to yet again postpone implementing an elongated school day, to save some NIS 1.2b. in 2019 and NIS 2.4b. in 2020.

And more affluent people making aliya reportedly would lose out under the proposed budget. Immigrants whose household assets are estimated at being worth more than NIS 500,000 would not be eligible for the absorption basket. The restriction would only apply to immigrants moving to Israel after January 1, 2019, and the move would be part of the goal to save the country NIS 130 million.

The 2019 budget also includes some NIS 100.7b. in debt repayments and NIS 39.1b. for interest.

The target deficit stands at 2.9% of GDP, despite a law meant to keep deficit spending no greater than 2.5% for that year.

In 2017, the deficit came out at 1.97% of GDP, according to Reuters, falling below predictions, partially due to a tax revenue windfall from multi-billiondollar acquisitions of Israeli companies.

In terms of investment in transportation and healthcare, the current budget may fall short. Israel today suffers from traffic congestion thrice the OECD average. And the country has the one of highest hospital occupancy rates,

"This is not a budget that fixes Israel's root economic problems," Ben-David said. "Israel's primary economic problems are very low productivity and very high rates of poverty and income inequality. Both require considerably better physical and human capital infrastructures - specifically in transportation, education and vocational training. These are the reforms that aren't in here."

Some possibly contentious budget-line items include a proposal to raise taxes on coal and petrochemicals, which could increase tax revenue by millions of shekels. A small tax increase on natural gas is also planned. While raising taxes on pollutants may be environmentally friendly, consumers would likely pay for it in increased electricity and housing costs.

The budget also plans to take away NIS 10m. from the Settlement Division of the World Zionist Organization, reducing its budget from NIS 36m. to NIS 26m. Other cuts include reducing the Agriculture Ministry's rural development grants by NIS 10m., cutting NIS 30m. from the Education Ministry's training program and taking away NIS 11m. from adult Torah study. The Foreign Ministry would cut NIS 40m. from its headquarters funding within the next four years.

Some of the savings could be redirected in the future toward promised expansions in disability stipends. Yet after a year of heated public protest, the 2019 budget does not seem to include plans to significantly increase disability payments next year.

It is also unclear whether many budget-line items will be spent on what they were intended for. In other words, "the current budget presents a series of steps in which money earmarked for one purpose is directed at entirely different purposes," TheMarker reported.

The budget highlights the ongoing financial dispute with the Israel Airports Authority. The Finance Ministry is asking the IAA to transfer NIS 1.2b. back to state coffers, or revenue it generates from airline fees and licenses. The IAA is already set to transfer NIS 300m. annually.

'PA ECONOMY IS COMPLETELY DEPENDENT ON ISRAEL' (Arutz-7 INN.com 1/11/18)

The Coordinator of Government Activities in the Territories (COGAT) General Yoav Mordechai, said at the Globes business conference that the Palestinian Authority is completely dependent on Israel's economy, despite decades of financial aid intended to lay the groundwork for an independent PA economy. "The Palestinian economy is totally dependent on the state of Israel," said Mordechai.

Mordechai added that there has been a 50% drop in foreign assistance to the PA during the last five years.

"We see the Palestinian economy as being important to our national security. What is most important is direct security - the arrests at night, and so on."

Mordechai also said the Palestinian Authority's (PA) budget is currently 15 billion NIS (\$4,673,920). Until five years ago, 30% of the budget depended on external aid from Western countries. However, external aid has dropped by fifty percent, since the world began to understand that the Oslo Accords had not accomplished their purpose, and the money was not providing dividends. Between the Oslo Accords (signed in 1993 and 1995) and 2014, the world provided the PA \$16 billion.

"Think about what would have happened if this money was invested in developing infrastructure and places of employment," Mordechai noted. "This money currently goes to a bloated public system, more than a bit of corruption, and recently, we have heard about it being used to pay the families of imprisoned and dead terrorists, despite the fact that this is not legal."

Mordechai also discussed the situation in Gaza, noting that 90% of the area's water is not fit for use, and unemployment among young adults is 60%.

"I can give a lot of other statistics, but the problem is mainly caused by Hamas and the Palestinian Authority," he said. "However, Israel is still very much influenced by this."

"The diplomatic....directive, if Hamas in Gaza would put down its weapons, tunnels, weapons smuggling, and solve the issue of missing and captured people, would turn Gaza into a huge economic opportunity. You can invest in infrastructure there, gas mining, and turn it into something very successful. To sum up, I want to say that economic failures in areas without proper governance can create terror and war. A stable economy can delay, and does not require, war or conflicts. This is an additional aspect of Israel's security concept."

JERUSALEM EXPRESS RAILWAY EXPECTED TO BEGIN OPERATIONS **IN MARCH** (YNet 1/9/18)

The Transportation Ministry announced Tuesday the Tel Aviv-Jerusalem express railway line will commence operations March 30, on the eve of Passover, utilizing an electric train that can reach speeds of up to 160 kilometers per hour.

Furthermore, according to Minister of Transportation Yisrael Katz, during the train's first three trial months, passengers will be able to travel on the train cost-free using their Rav Kav transportation cards.

During its first stage of operations, the train will operate on a single track running from the Jerusalem Binyanei HaUma railway station to Tel Aviv's HaHagana railway station. In its first two months of operation, one train will run every hour in either direction, contrary to previous promises of four trains ever hour. The entire journey will take 28 minutes.

The Transportation Ministry previously committed to operate the electric line from the Herzliva station to the Jerusalem Binyanei HaUma station by March 2018. Katz's most recent commitment, however, referred only to the train reaching Tel Aviv's HaHagana station.

Effectively, the discrepancy means that travelers heading north will travel on a diesel-powered train to HaHagana station, from which they'll switch to the electric express train to Jerusalem.

The ministry further announced that for the second phase, set to commence operations several months later, two tracks will operate between Binvanei HaUma and HaHagana, with train frequency increasing to three trains an hour in either direction during rush hour, meaning that one train will be leaving to and from Jerusalem every 20 minutes.

In the future, the line's frequency may be expanded to six trains an hour during peak times.

The line is part of a planned transportation hub to include in the future two light rail stations, a taxi station and a "park & go" complex with more than 1,200 parking spaces.

The lower level of the Herzliva station is more than 80 meters underground . It is comprised of tunnels and shafts and includes four docks, each 300 meters long. According to the Transportation Ministry, the structure may be used as an atomic bomb shelter in an emergency, sheltering up to 4,000 people at any given time.

The Jerusalem express railway line includes a double track 56km in length and will pass through Ben Gurion Airport, Modi'in and Sha'ar HaGai. The train will make some four million trips its first year of operation.

The estimated cost of the line is NIS 7 billion and particular importance was placed on the national project's realization due to the significantly increased accessibility to the capital.

A source in the infrastructures sector admitted to Ynet that Katz's latest proclamation posed a considerable challenge to the people in his ministry in charge of operations, in light of the many technical issues that might arise.

Information obtained by Ynet also said delay on the project may reach three or four months, a claim the Transportation Ministry denied.

STRATEGIC SUPERIORITY, CONSTANT CONCERN (Yoav Limor, Israel Hayom 1/10/18)

Monday night's strike in Syria again proved Israel's strategic superiority in the Israel was shocked by India's move. northern sector.

Much like the dozens of strikes before it, attributed to Israel by the foreign media, the strike demonstrated that given accurate intelligence, Israel will eliminate anything that threatens to cross its red lines.

The strike, which targeted military outposts in Qutayfeh, a northeastern suburb of Damascus, most likely aimed to foil another one of Hezbollah's many attempts to get its hands on advanced weapons. According to foreign media reports, the targets were repositories housing precision missiles bound for the Lebanon-based Shiite terrorist group.

The Syrian army boasted that its air defenses intercepted at least two of the missiles fired at the targets, but past experience has proved such claims are nothing more than hollow statements.

While Syria has various anti-aircraft systems, it is highly doubtful that it has the ability to foil strikes or shoot down projectiles reportedly fired from Lebanese airspace and the Golan Heights.

It appears the Syrian army's statement was made for internal purposes. Syrian President Bashar Assad's regime is rapidly recovering from the waning civil war and it is now in control of vast areas in the country. Damascus cannot afford to appear helpless against Israeli strikes. But given its lack of actual ability to mount a response, it confines itself to propaganda.

Still, the Syrian army's assertion that it intercepted Israeli missiles cannot be taken lightly, precisely because it was made when Assad's regime and military are still working to rebuild their confidence. For now, it seems Israel can operate freely in Syria and strike whenever and wherever it sees fit.

This will not always be the case. At some point, someone will strike back. But that someone is nowhere to be found at this point, as Assad is still licking his wounds and there is little chance of him voluntarily provoking a war with Israel. Russia will not make a move unless its regional interests are compromised, and Iran - the most destructive element in the Middle East - is currently preoccupied with domestic unrest.

In the anti-government protests that swept through Iran in late December, Iranians spoke out against Tehran's involvement in Syria, Lebanon and the Gaza Strip and the money spent there at the expense of the Iranian public. This is a cause of great concern for the avatollahs' regime, and Iran is likely to try to lower its profile in Syria for a while.

Israel is likely to take advantage of these circumstances to try to improve its regional position.

Iran remains geared toward cementing its strategic hold on Syria, but given that its only attempt so far to do so was thwarted in early December, when a facility earmarked for use by Iranian forces was destroyed, it is unclear when it will resume its efforts. Meanwhile, Israel remains vigilant.

The IDF's most recent annual intelligence assessment says that while chances of war with Syria in the foreseeable future are low, chances of an unexpected flare-up on the northern border are high.

An escalation of this kind may follow the strikes attributed to Israel in Syria. At some point, Syria will choose to retaliate, rather than contain such incidents.

This possibility requires the IDF to continue to remain vigilant and act judiciously. Israel must make sure that a surgical strike, regardless of the significance of the target, will not spiral into a war it does not want.

THE PALESTINIANS' RACE TO THE BOTTOM (Caroline Glick, JPost 1/8/18)

The PLO and the Palestinian cause more generally are sinking into irrelevance and rather than reform their policies to rebuild their position, they have adopted a scorched earth policy that only intensifies their race to the bottom.

On the face of things, the situation isn't bad. Last month the PLO got 128 nations to vote in favor of their anti-American resolution rejecting US President Donald Trump's recognition of Jerusalem as Israel's capital. One of the states that voted with them was India.

Prime Minister Benjamin Netanyahu rightly touts the growth of Israel's Jordan's per capita income dropped last year from \$4,648 to \$4,135 and bilateral ties with the largest democracy in the world. Indian Prime Minister Narendra Modi's extraordinary visit to Israel last July highlighted the change. Netanyahu's visit to New Delhi later this month will cement the new alliance.

Not only has Modi enthusiastically cultivated close ties with Israel, he has moved closer to Israel in its conflict with the PLO than any of his predecessors. In 2015, India abstained from an anti-Israel resolution at the UN Human Rights Council. Modi refused to visit the Palestinian Authority during his visit to Israel. And PLO chief and PA chairman Mahmoud Abbas's visit to India earlier this year. Modi refused to say - as his predecessors have said - that the capital of a Palestinian state should be located in eastern Jerusalem.

And yet, last month at the UN, it felt like none of this had happened. India reverted to its previous posture of blind support for the PLO and joined the chorus in attacking America for recognizing that Jerusalem is Israel's capital.

The Palestinians for their part were justifiably elated. Now, they thought, they were back in the driver's seat. Trump is an aberration and the world including India, continues to support them no matter what. They are today where they were in 1975 when the UN General Assembly passed Resolution 3371 defining the Jewish national liberation movement as a form of racism.

Then, less than a week after the UN vote, the PLO's envoy to Pakistan, Walid Abu Ali, shared a stage in Rawalpindi with the mastermind of the 2008 terrorist attacks in Mumbai.

Lashkar e-Taibi leader Hafiz Muhammad Saeed is wanted by India not only for the massacre of more than 160 people in the Mumbai attacks. He is also wanted for his involvement in terrorist attacks in the city in 2006, which killed more than 200 people, and for a shooting at the Indian Parliament, an incident in which another 14 were killed in 2001.

Abu Ali didn't think there would be any price to pay for his decision to embrace a mass-murdering terrorist. It's what the PLO has always done. And so he posted photos of himself with Saeed online.

But it turns out that despite India's vote, things have changed. A lot.

Indian social media exploded in rage against the Palestinians and the PLO. The most common sentiment was, "This is how they pay us back for abandoning the US and Israel to support them at the UN."

Abu Ali's embraces of Saeed were widely and angrily reported in the Indian media.

In response, Abbas announced that he was recalling Abu Ali. This would have been fine if it were true.

But this week it was reported that Abu Ali is back in business in Islamabad.

The PLO's behavior with Abu Ali and India indicates three things. First, that the PLO/PA is no longer immune from criticism in guarters where it received five decades of unconditional support. Second, it indicates that the PLO/PA is incapable of changing its behavior, even when it is aware that it ought to. Finally, the PLO/PA is still operating under the impression that nations will continue to support them forever because the basis of that support is unchanged.

The problem for the PLO/PA is that the world has changed fundamentally while they were busy embracing terrorists and getting away with it.

This week, The Economist published its annual data on per capita GDP in countries throughout the world. For the first time, Israel's GDP per capita has jumped above \$40,000. According to the Economist's data, per capita GDP in Israel jumped from \$38,127 in 2016 to \$44,019 in 2017. GDP grew 4.4% last year. Today Israel's GDP per capita is higher than GDP per capita in Japan, Britain and France. The gap in Israel's favor is expected to widen in the years to come as Israel's GDP continues to grow and the GDPs of European states and Japan continue to stagnate due to negative fertility, continued migration of uneducated newcomers and lack of innovation.

In its own neighborhood, Israel's neighbors remain economic and political basket cases. As Dr. Guy Bechor noted in his analysis of the data earlier this week, Egypt's per capita GDP of \$2,519 is one seventeenth of Israel's.

prospects for 2018 aren't positive.

The situation is similarly bleak in the Gulf States, despite their oil and gas reserves. Iran, for instance, is poor and forecasts for the future are terrible. Last year, despite the \$100 billion windfall the regime received from sanctions relief, per capita GDP in Iran dropped from \$6,144 in 2016 to \$5,879. Wars in Syria, Yemen, Iran, Lebanon and Gaza don't come cheap.

Egypt, Saudi Arabia and other Arab states are drawn to Israel not only because of their joint security concerns about Iran. They are also eager to expand ties with Israel to benefit from its civilian technologies in everything from agriculture and water technologies to digital communications. And they are not about to allow the Palestinians to stop their cavalcade to Israel.

As The New York Times reported last week, Egyptian intelligence officer Capt. Ashrag al-Kholi called four different television hosts last and told them that Ramallah can serve as the capital of a Palestinian state just as well as Jerusalem. Kholi was also taped telling them that the Palestinians have to compromise for peace. In his words, "How is Jerusalem different from Ramallah, really? At the end of the day, later on, Jerusalem won't be different from Ramallah. What matters is ending the suffering of the Palestinian people. Concessions are a must and if we reach a concession whereby... Ramallah will be the capital of Palestine, to end the war and so no one else dies, then we should go for it."

Kholi explained that a new Palestinian campaign of terrorism against Israel will harm Egypt by strengthening Islamic State (ISIS), Hamas and the Muslim Brotherhood.

So while it is true that 128 countries – including India, Egypt and Saudi Arabia - voted with the PLO against Israel and the US at the UN last month, it is also true that their votes don't signify as much as they used to. It is equally true that the Palestinians can't try their patience by pushing anti-Israel resolutions every day as they have for the past 45 years. Because as the Palestinians keep playing their old tricks, Israel is becoming a more and more significant regional and global power and the nations of the world aren't interested in weakening Israel when Israel is helping them survive and prosper.

As Abu Ali's continued tenure in Pakistan shows, rather than recognize the shifting power balance and update their positions to align with it, the PLO has become even more brittle and reactionary and extreme. If Egypt doesn't support their war against Israel, then they will take their roadshow to Tehran, or its Lebanese satrapy.

On December 31, Fatah Central Committee member Azzam al-Ahmad met with Hezbollah chief Hassan Nasrallah in Beirut. After meeting with al-Ahmad, Nasrallah told al Mayadeen TV that Fatah - led by Abbas - agreed to "activate a third intifada," or terror war, against Israel. PA parliament members also visited Lebanon and met with Iranian-controlled Prime Minister Saad Hariri.

Sunday night, Israel Channel 2 reported that terrorist incitement is rising steeply in the official PA media and social media networks. One video, of a faked shooting of a Palestinian teenage girl by an actor dressed in an IDF uniform, has gone viral. Thousands of viewers have responded to the fake scene with pledges to kill Israelis to avenge the fake death.

When later this month Netanyahu meets Modi in Delhi, India's UN vote and Abu Ali's embrace of Saeed will be on the agenda. And there is good reason to believe that Modi will recognize the linkage and vote differently in the future. Like Netanyahu, he recognizes that the PLO's basic case is wrong. Peace is achieved by defeating terrorists, not by empowering them.

Moreover, Israel beckons. The economic and strategic realities of Israel cannot be ignored. Modi and his counterparts worldwide are now recognizing that the Palestinians have nothing to offer them, not even gratitude. When a critical mass of Palestinians recognize that the PLO's jig is up, they will make peace with Israel. Until then, they will continue to serve as an irritating irrelevancy and nothing more.