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Article 1.

Stratfor

The Israeli Crisis

George Friedman

August 14, 2012 -- Crises are normally short, sharp and intense affairs. Israel's predicament has developed on a different time frame, is more diffuse than most crises and has not reached a decisive and intense moment. But it is still a crisis. It is not a crisis solely about Iran, although the Israeli government focuses on that issue. Rather, it is over Israel's strategic reality since 1978, when it signed the Camp David accords with Egypt.

Perhaps the deepest aspect of the crisis is that Israel has no internal consensus on whether it is in fact a crisis, or if so, what the crisis is about. The Israeli government speaks of an existential threat from Iranian nuclear weapons. I would argue that the existential threat is broader and deeper, part of it very new, and part of it embedded in the founding of Israel. Israel now finds itself in a long-term crisis in which it is struggling to develop a strategy and foreign policy to deal with a new reality. This is causing substantial internal stress, since the domestic consensus on Israeli policy is fragmenting at the same time that the strategic reality is shifting. Though this happens periodically to nations, Israel sees itself in a weak position in the long run due to its size and population, despite its current military superiority. More precisely, it sees the evolution of events over time potentially undermining that military reality, and it therefore feels pressured to act to preserve it. How to preserve its superiority in the context of the emerging strategic reality is the core of the Israeli crisis.

Egypt

Since 1978, Israel's strategic reality had been that it faced no threat of a full peripheral war. After Camp David, the buffer of the Sinai Peninsula separated Egypt and Israel, and Egypt had a government that did not want that arrangement to break. Israel still faced a formally hostile Syria. Syria had invaded Lebanon in 1976 to crush the Palestine Liberation Organization based there and reconsolidate its hold over Lebanon, but knew it could not attack Israel by itself. Syria remained content reaching informal understandings with Israel. Meanwhile, relatively weak and isolated Jordan depended on Israel for its national security. Lebanon alone was unstable. Israel periodically intervened

there, not very successfully, but not at very high cost. The most important of Israel's neighbors, Egypt, is now moving on an uncertain course. This weekend, new Egyptian President Mohammed Morsi removed five key leaders of the military and the Supreme Council of the Armed Forces and revoked constitutional amendments introduced by the military. There are two theories on what has happened. In the first, Morsi -- who until his election was a senior leader of the country's mainstream Islamist movement, the Muslim Brotherhood -- is actually much more powerful than the military and is acting decisively to transform the Egyptian political system. In the second, this is all part of an agreement between the military and the Muslim Brotherhood that gives Morsi the appearance of greater power while actually leaving power with the military. On the whole, I tend to think that the second is the case. Still, it is not clear how this will evolve: The appearance of power can turn into the reality of power. Despite any sub rosa agreements between the military and Morsi, how these might play out in a year or two as the public increasingly perceives Morsi as being in charge -- limiting the military's options and cementing Morsi's power -- is unknown. In the same sense, Morsi has been supportive of security measures taken by the military against militant Islamists, as was seen in the past week's operations in the Sinai Peninsula.

The Sinai remains a buffer zone against major military forces, but not against the paramilitaries linked to radical Islamists who have increased their activities in the peninsula since the fall of former President Hosni Mubarak in February 2011. Last week, they attacked an Egyptian military post on the Gaza border, killing 16 Egyptian soldiers. This followed several attacks

against Israeli border crossings. Morsi condemned the attack and ordered a large-scale military crackdown in the Sinai. Two problems could arise from this.

First, the Egyptians' ability to defeat the militant Islamists depends on redefining the Camp David accords, at least informally, to allow Egypt to deploy substantial forces there (though even this might not suffice). These additional military forces might not threaten Israel immediately, but setting a precedent for a greater Egyptian military presence in the Sinai Peninsula could eventually lead to a threat.

This would be particularly true if Morsi and the Muslim Brotherhood impose their will on the Egyptian military. If we take Morsi at face value as a moderate, the question becomes who will succeed him. The Muslim Brotherhood is clearly ascendant, and the possibility that a secular democracy would emerge from the Egyptian uprising is unlikely. It is also clear that the Muslim Brotherhood is a movement with many competing factions. And it is clear from the elections that the Muslim Brotherhood represents the most popular movement in Egypt and that no one can predict how it will evolve or which factions will dominate and what new tendencies will arise. Egypt in the coming years will not resemble Egypt of the past generation, and that means that the Israeli calculus for what will happen on its southern front will need to take Hamas in Gaza into account and perhaps an Islamist Egypt prepared to ally with Hamas.

Syria and Lebanon

A similar situation exists in Syria. The secular and militarist

regime of the al Assad family is in serious trouble. As mentioned, the Israelis had a working relationship with the Syrians going back to the Syrian invasion of Lebanon against the Palestine Liberation Organization in 1976. It was not a warm relationship, but it was predictable, particularly in the 1990s: Israel allowed Syria a free hand in Lebanon in exchange for Damascus limiting Hezbollah's actions. Lebanon was not exactly stable, but its instability hewed to a predictable framework. That understanding broke down when the United States seized an opportunity to force Syria to retreat from Lebanon in 2006 following the 2005 assassination of Lebanese Prime Minister Rafik al-Hariri. The United States used the Cedar Revolution that rose up in defiance of Damascus to retaliate against Syria for allowing al Qaeda to send jihadists into Iraq from Syria. This didn't spark the current unrest in Syria, which appears to involve a loose coalition of Sunnis including elements of the Muslim Brotherhood and other Islamists. Though Israel far preferred Syrian President Bashar al Assad to them, al Assad himself was shifting his behavior. The more pressure he came under, the more he became dependent on Iran. Israel began facing the unpleasant prospect of a Sunni Islamist government emerging or a government heavily dependent on Iran. Neither outcome appealed to Israel, and neither outcome was in Israel's control. Just as dangerous to Israel would be the Lebanonization of Syria. Syria and Lebanon are linked in many ways, though Lebanon's political order was completely different and Syria could serve as a stabilizing force for it. There is now a reasonable probability that Syria will become like Lebanon, namely, a highly fragmented country divided along religious and ethnic lines at war with itself. Israel's best outcome would be for the West to succeed in

preserving Syria's secular military regime without al Assad. But it is unclear how long a Western-backed regime resting on the structure of al Assad's Syria would survive. Even the best outcome has its own danger. And while Lebanon itself has been reasonably stable in recent years, when Syria catches a cold, Lebanon gets pneumonia. Israel thus faces the prospect of declining security to its north.

The U.S. Role and Israel's Strategic Lockdown

It is important to take into account the American role in this, because ultimately Israel's national security -- particularly if its strategic environment deteriorates -- rests on the United States. For the United States, the current situation is a strategic triumph. Iran had been extending its power westward, through Iraq and into Syria. This represented a new force in the region that directly challenged American interests. Where Israel originally had an interest in seeing al Assad survive, the United States did not. Washington's primary interest lay in blocking Iran and keeping it from posing a threat to the Arabian Peninsula. The United States saw Syria, particularly after the uprising, as an Iranian puppet. While the United States was delighted to see Iran face a reversal in Syria, Israel was much more ambivalent about that outcome. The Israelis are always opposed to the rising regional force. When that was Egyptian leader Gamal Abdel Nasser, they focused on Nasser. When it was al Qaeda and its sympathizers, they focused on al Qaeda. When it was Iran, they focused on Tehran. But simple opposition to a regional tendency is no longer a sufficient basis for Israeli strategy. As in Syria, Israel must potentially oppose all tendencies, where the United States can back one. That leaves Israeli policy incoherent. Lacking the power to impose a reality

on Syria, the best Israel can do is play the balance of power. When its choice is between a pro-Iranian power and a Sunni Islamist power, it can no longer play the balance of power. Since it lacks the power to impose a reality, it winds up in a strategic lockdown. Israel's ability to influence events on its borders was never great, but events taking place in bordering countries are now completely beyond its control. While Israeli policy has historically focused on the main threat, using the balance of power to stabilize the situation and ultimately on the decisive use of military force, it is no longer possible to identify the main threat. There are threats in all of its neighbors, including Jordan (where the kingdom's branch of the Muslim Brotherhood is growing in influence while the Hashemite monarchy is reviving relations with Hamas). This means using the balance of power within these countries to create secure frontiers is no longer an option. It is not clear there is a faction for Israel to support or a balance that can be achieved. Finally, the problem is political rather than military. The ability to impose a political solution is not available. Against the backdrop, any serious negotiations with the Palestinians are impossible. First, the Palestinians are divided. Second, they are watching carefully what happens in Egypt and Syria since this might provide new political opportunities. Finally, depending on what happens in neighboring countries, any agreement Israel might reach with the Palestinians could turn into a nightmare. The occupation therefore continues, with the Palestinians holding the initiative. Unrest begins when they want it to begin and takes the form they want it to have within the limits of their resources. The Israelis are in a responsive mode. They can't eradicate the Palestinian threat. Extensive combat in Gaza, for example, has both political consequences and military limits. Occupying Gaza

is easy; pacifying Gaza is not.

Israel's Military and Domestic Political Challenges

The crisis the Israelis face is that their levers of power, the open and covert relationships they had, and their military force are not up to the task of effectively shaping their immediate environment. They have lost the strategic initiative, and the type of power they possess will not prove decisive in dealing with their strategic issues. They no longer are operating at the extremes of power, but in a complex sphere not amenable to military solutions. Israel's strong suit is conventional military force. It can't fully understand or control the forces at work on its borders, but it can understand the Iranian nuclear threat. This leads it to focus on the sort of conventional conflict they excel at, or at least used to excel at. The 2006 war with Hezbollah was quite conventional, but Israel was not prepared for an infantry war. The Israelis instead chose to deal with Lebanon via an air campaign, but that failed to achieve their political ends.

The Israelis want to redefine the game to something they can win, which is why their attention is drawn to the Iranian nuclear program. Of all their options in the region, a strike against Iran's nuclear facilities apparently plays to their strengths. Two things make such a move attractive. The first is that eliminating Iran's nuclear capability is desirable for Israel. The nuclear threat is so devastating that no matter how realistic the threat is, removing it is desirable.

Second, it would allow Israel to demonstrate the relevance of its power in the region. It has been a while since Israel has had a significant, large-scale military victory. The 1980s invasion of

Lebanon didn't end well; the 2006 war was a stalemate; and while Israel may have achieved its military goals in the 2008 invasion of Gaza, that conflict was a political setback. Israel is still taken seriously in the regional psychology, but the sense of inevitability Israel enjoyed after 1967 is tattered. A victory on the order of destroying Iranian weapons would reinforce Israel's relevance.

It is, of course, not clear that the Israelis intend to launch such an attack. And it is not clear that such an attack would succeed. It is also not clear that the Iranian counter at the Strait of Hormuz wouldn't leave Israel in a difficult political situation, and above all it is not clear that Egyptian and Syrian factions would even be impressed by the attacks enough to change their behavior. Israel also has a domestic problem, a crisis of confidence. Many military and intelligence leaders oppose an attack on Iran. Part of their opposition is rooted in calculation. Part of it is rooted in a series of less-than-successful military operations that have shaken their confidence in the military option. They are afraid both of failure and of the irrelevance of the attack on the strategic issues confronting Israel.

Political inertia can be seen among Israeli policymakers. Prime Minister Benjamin Netanyahu tried to form a coalition with the centrist Kadima Party, but that fell apart over the parochial Israeli issue of whether Orthodox Jews should be drafted. Rather than rising to the level of a strategic dialogue, the secularist constituency of Kadima confronted the religious constituencies of the Likud coalition and failed to create a government able to devise a platform for decisive action. This is Israel's crisis. It is not a sudden, life-threatening problem but instead is the product of unraveling regional strategies, a lack of confidence earned

through failure and a political system incapable of unity on any particular course. Israel, a small country that always has used military force as its ultimate weapon, now faces a situation where the only possible use of military force -- against Iran -- is not only risky, it is not clearly linked to any of the main issues Israel faces other than the nuclear issue.

The French Third Republic was marked by a similar sense of self-regard overlaying a deep anxiety. This led to political paralysis and Paris' inability to understand the precise nature of the threat and to shape their response to it. Rather than deal with the issues at hand in the 1930s, they relied on past glories to guide them. That didn't turn out very well.

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Article 2.

The Diplomat

An Act of Self-Preservation: Why Iran Wants the Bomb

David Patrikarakos

August 14, 2012 -- Exactly ten years ago today the Iranian opposition group, Mujahideen al-Khalq (MeK), revealed the full details of a uranium enrichment plant at Natanz and a heavy water plant at Arak in Iran. Since then Iran and the international community- since 2006, the P5+1 (the U.S., Russia, China, the UK, France and Germany) -have been locked in a diplomatic battle that has ground to a stalemate. The P5+1 has managed to sanction Iran's oil exports, isolate the country from the international banking system, and make it an international pariah. Iran, meanwhile, has managed to enrich uranium to twenty percent, which involves most of the expertise required to enrich to weapons-grade levels. It runs several thousand centrifuges (the equipment needed to enrich uranium) at its Natanz plants and has a large stockpile of low-enriched uranium [LEU] from which it could conceivably manufacture a nuclear weapon.

Neither side will budge; the specter of an Iranian bomb is closer than ever. We have come ten years without a solution because there has been a failure to understand, on a fundamental level, what Iran wants and how it seeks to achieve it. The roots of Iran's nuclear program lie not in physics but in Iranian history. From Russia's nineteenth century invasions of Iran to the 1953 British and American-led coup that overthrew the democratically-elected Iranian Prime Minister, Mohammad Mossadegh, foreigners – so the Iranian narrative goes – have sought to “dictate” to Iran. During the 1979 Islamic Revolution that overthrew the Shah of Iran and replaced him with the Ayatollah Khomeini, crowds walked through the streets carrying banners of Mossadegh and chanting “Margh-bar Amrika” (Death to America). The 1953 coup, already iconic in the

national consciousness, was reduced to a simple homily about the perfidious role of Western powers in Iran. For the Shah the world was a stage, and its international institutions the opportunity for him to play upon it. The Islamic Republic, conversely, views the world as essentially hostile, and many hardliners argue for a national security policy based on the most atavistic elements of Khomeini's worldview: international institutions and diplomacy are symptoms of an inequitable world, and a farce – self-reliance is the only option. And if the world was unfriendly in 1953 they believe it is far worse now.

The United States, they argue, wants to overthrow the regime, and since the first Gulf War in 1991 has had a huge military presence in the Middle East, with military bases at times in Saudi Arabia and the UAE not to mention the Fifth Fleet in Bahrain, all within easy striking distance. 2001's Operation Enduring Freedom saw huge numbers of American troops gathered on Iran's eastern border in Afghanistan, while Saddam's overthrow, despite removing a pressing Iranian security concern, but saw yet more U.S. troops massed now on its western border. With U.S. forces also in the CIS republics, notably Uzbekistan and Tajikistan, Iran has been encircled by the USA on its own continent. A bitter joke has made the rounds in Tehran for some years now: "there are just two countries in the world that have only the USA as their neighbor: the other one is Canada."

The Iranians are scared; and they want respect – they feel the world has not accorded them their due. As Iran's Ambassador to the IAEA, Ali Asghar Soltanieh, told me some years ago in Vienna, "We are a nation with 5000 years of history, the world should not speak to us like animals." The nuclear program is a

symptom of these impulses. A civil nuclear program brings a developing country like Iran a prestige to which it is keenly sensitive – it is a shortcut to a much-desired modernity, and to technological advancement. A nuclear bomb, may give the country the security it craves. Precedent is important here. Following the 9/11 attacks the U.S. invaded Afghanistan to destroy the Taliban – a regime that had harbored and supported Al Qaeda. But Islamabad had also harbored and supported Al-Qaeda, was a longstanding sponsor of terrorism, and a dictatorship with a dismal human rights record that had also spawned the AQ Khan network. Despite all its help in Afghanistan, Iran was declared a triumvir in the 'axis of evil' while Secretary of State Colin Powell described Pakistan as a major ally in the Global War on Terror. Washington then of course went on to smash an Iraq that turned out not to have WMDs. Many in Tehran have concluded that the White House treats nuclear states differently. It is these wider fears that are at the heart of today's impasse. The nuclear crisis is not the cause but the effect of a wider clash between Iran and the west and it is this underlying relationship that must be addressed for any resolution to be found. At each stage of the last ten years of negotiations an imperfect understanding of what Iran really wants has precluded a diplomatic solution. All the supposed major breakthroughs of the crisis, notably the 2003 Tehran Agreement, in which Iran agreed to suspend uranium enrichment while wider issues such as the program as a whole, security, and the situation in the Middle East were addressed, and 2004's Paris Agreement, which reaffirmed its suspension, have failed to tackle this point. On both occasions, European diplomats never adequately understood that for the Iranians the issue transcended the nuclear. Satisfied with the suspension, the Europeans made

no effort to address Iran's broader concerns. Iran eventually resumed uranium enrichment. It has refused to suspend it ever since. More than thirty years after the coming of the Islamic Republic and exactly ten years into the nuclear crisis the question of how to integrate a country with 70 million people, and among the largest reserves of oil and gas in the world still remains. The Islamic Republic bases its legitimacy on the need to protect Iran from a hostile world that has ill-used it for two centuries. Because of its oil, because of its geostrategic location between two of the world's great energy sources, the Caspian Basin and the Persian Gulf, Tehran believes the country will always be a target for more powerful nations; but the shameful capitulations of history will be consigned to history if Iran possesses the necessary means to defend itself. This impulse – prominent within Iranian decision-making circles – is the great danger the world faces; and it is this that must be addressed.

As long the P5+1 continues to continue to dance with Iran without tackling the central issues, a lasting solution is impossible. Thus far, talks have largely focused on the narrow issue of uranium enrichment. Only by broadening out the scope of engagement can the P5+1 offer Iran anything that will make it compromise. Engaging Iran on regional affairs, involving it in multilateral discussions and forums and attempting to alleviate its fears – and, indeed, its neuroses – is the only way the nuclear crisis can be resolved peacefully. Iran now possesses enough low-enriched uranium to make several bombs and while Iran could not enrich to the necessary levels for a nuclear weapon without throwing out the IAEA inspectors, the prospect of a bomb is not a distant one.

Unless a diplomatic breakthrough is made the world may have

to deal with the unpleasant reality of a nuclear-armed Iran.

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Article 3.

The Washington Post

U.N. chief should boycott Tehran conference

Editorial

August 15 -- THE UNITED NATIONS Security Council has repeatedly voted for sanctions to deter Iran from obtaining a nuclear weapon. The five permanent members of the Security Council plus Germany have devoted years of diplomacy to slowing Iran's quest for an atomic bomb. The hints from Israel of impatience with all this, and a desire for a military strike, are growing.

All of which makes it passing strange that Ban Ki-moon, the United Nations Secretary General, might appear in Tehran to attend the conference of the Non-Aligned Movement, which opens Aug. 26. Already, the street lamps are being painted and hotels prepared for the arrival of heads of state as the Islamic republic thumbs its nose at Western sanctions and isolation. Iran

is taking over chairmanship of the movement for the next three years.

The conference promises to be a festival of resistance to the United States, the United Nations Security Council and Israel. Nuclear weapons? Iran has signaled plans to use the conference to defend its right to enrich uranium, which it claims is for peaceful purposes. Sanctions? Iran is busy repainting tankers in the Persian Gulf to evade restrictions on oil exports, concealing money transfers and importing illicit materials for its nuclear program through third countries.

Iran continues to supply weapons to the besieged regime of Syrian President Bashar al-Assad, which subverted the Security Council's peace initiative. And don't expect any muffling of Iran's long-standing and poisonous anti-Zionism.

Perhaps Mr. Ban entertains a hope that he can single-handedly persuade Iranian President Mahmoud Ahmadinejad and Supreme leader Ayatollah Ali Khamenei to end their quest for nuclear weapons. That assumes that the United Nations leader has more clout than anyone else who has tried. We're told that Mr. Ban sees this as a crucial moment for a diplomatic last-ditch effort. But it doesn't seem even remotely likely to succeed.

More likely, Mr. Ban will be forced to endure public lectures from the Iranian leaders about their right to enrich uranium, and rants threatening to wipe Israel off the map. If he shows up — he has not yet announced plans to attend, but sources say he is determined to go — will Mr. Ban then stand up and object? To his credit, Mr. Ban has in the past forcefully lectured Mr. Ahmadinejad about adhering to Security Council resolutions.

But if he does so again, will Iran or anyone in the Non-aligned Movement be listening? Probably not.

The Non-Aligned Movement was founded during the Cold War by nations that formally didn't want to be part of either superpower bloc, although many were anyway. Since then, it has run out of gas. Firebrands like India were transformed into world powers in their own right. Today, it is a very loose regional group of developing nations allied with the Group of 77 at the United Nations, but not much more. By attending the Tehran conference, Mr. Ban will dignify a bacchanal of nonsense, undermine the work of the Security Council and probably get nothing in return.

Article 4.

Al-Monitor

Take Israel Iran Threat 'Very Seriously,' Ex-Obama Official Says

Laura Rozen

Aug 14, 2012 -- Former Deputy Assistant Secretary of Defense Colin Kahl traveled to Israel 13 times during his tenure as the Obama administration's top Pentagon Middle East civilian policy advisor from 2009 to the end of 2011. Kahl, now a Georgetown University professor, senior fellow at the Center for a New American Security, and foreign policy advisor to the Obama campaign, told Al-Monitor in an interview Tuesday that

he takes the signs that Israeli leaders are contemplating a fall strike on Iran “very seriously.” “I think it is more likely Israeli leaders are preparing the Israeli public for a strike, and creating a narrative for the international community that diplomacy and sanctions have failed and thus Israel has no choice,” Kahl said. “There is clearly a crescendo emerging, and there is a lot of detailed, point-by-point argumentation ...laying the foundation for a potential strike.” “At the end of the day, the Israeli leadership is building the case that they can trust no one but themselves on this issue,” he said.

Al-Monitor How do you read the flurry of recent Israeli media reports telegraphing Israeli leaders, particularly Israeli Defense Minister Ehud Barak and Prime Minister Benjamin Netanyahu, contemplating a possible fall strike on Iran?

Kahl I think the threat should be taken very seriously. The standard counter argument is that Netanyahu and Barak are bluffing with the goal of pushing the international community to act — meaning pressuring us and the Europeans to increase sanctions, the Russians and Chinese to push Tehran; and/or force a near-term US attack. The saber-rattling could also be aimed at coercing the Iranians. But I don't think they are merely bluffing in this case.

Al-Monitor Why are the arguments that it is not just saber-rattling more compelling?

Kahl First, US and European sanctions have nearly maxed out. So what additional benefit does the saber-rattling produce here? Second, the P5+1 process is on hold for the moment and a major breakthrough on the accelerated timeline envisioned by the

Israelis is unlikely. Not to mention the fact that some Israeli decision-makers seem skeptical of the benefits of diplomacy, period. Third, despite the saber-rattling, the Iranians don't fear an Israeli strike (although they might fear a US strike). So Tehran isn't likely to make a concession in the near-term just because of an Israeli threat. Finally, the Israelis would seem to know that the prospect of a US strike before the [November 6 US presidential] election is very low, regardless of their posture. This is not primarily for political reasons, as some suggest, but because Iran is not likely to cross US red lines this year. So the prospect of an Israeli attack is unlikely to drive Obama to war before November. So, I think it is more likely Israeli leaders are preparing the Israeli public for a strike, and creating a narrative for the international community that diplomacy and sanctions have failed and thus Israel has no choice.

Al-Monitor Iranian officials seem pretty unfazed by a prospective Israeli strike...

Kahl There are two reasons why the Iranians don't take the threat of an Israeli strike seriously. One: the 'Chicken Little' problem. Viewed from Tehran, the Israelis have said the sky is falling so many times that even if it really is falling this time, nobody believes them. The threat has been made so many times, the Iranians are probably inoculated. Second, I think that there is likely a view among the Iranian leadership that an Israeli strike may not be that bad. They think it will not hurt them that badly. And they probably think it would allow them to play the victim, shatter international consensus holding sanctions together, rally the Iranian public behind the regime, and provide them with an excuse to accelerate their weaponization program.

Al-Monitor Israeli press reports and recent statements by the Israeli prime minister indicate the Israeli cabinet has not yet taken a formal decision.

Kahl It appears from the media reporting that they haven't made a final decision yet. All of the reporting suggests, however, that a decision — if not the actual action — is imminent in the next couple weeks. I don't know if that is really the case, but it seems to be a common thread in recent media stories. It is also not a secret that there is widespread concern among former defense security and intelligence officials in Israel about the wisdom of a strike at this time. It has also been widely reported that senior leadership in the [Israeli Defense Force] IDF and Mossad privately oppose Israeli unilateral action at the moment. The reporting is consistent in two respects. One, it suggests that Netanyahu and Barak are kind of on an island arguing for a strike in the near term. At the same time, the conventional wisdom is that their views are the only two that matter. If they decide to move forward, the rest of the government and military will likely line up behind them.

Al-Monitor Is it possible that the Israeli leadership is miscalculating, and possibly believe they can get more from the US or international community by way of military threats or tougher sanctions from the saber-rattling?

Kahl Israel is already getting support from Congress and the US administration to ratchet up sanctions. They don't have to bluff to get more. It is not clear what the value added is. Especially for how intense and specific the reporting has been... This is not just general reporting conveying Israeli leaders' arguments about how dangerous Iran's nuclear program is, which is

standard. There is clearly a crescendo emerging, and there is a lot of detailed, point-by-point argumentation by Netanyahu and, especially, Barak laying the foundation for a potential strike. Some might argue that Israeli leaders are trying to exert pressure on Obama prior to the UN General Assembly meeting in September to push him to go even further in threatening military action by publicly presenting US red lines and committing to attacking next year if Iran doesn't cry uncle. But I'm not sure it would make a difference. For one thing, the Israelis don't know who will be president. And regardless of whether it is Obama or Romney, Barak said that Israelis could not take even an explicit, public US promise to attack on faith, irrespective of who the president is... He made clear this wasn't an Obama versus Romney distinction. Indeed, he said explicitly that a Romney administration would have a hard time building support for war in year one of his administration.

[Editor's Note: An unnamed top Israeli official, dubbed the "Decision Maker," and universally believed to be Israeli Defense Minister Ehud Barak Barak, said in a widely noted interview with *Haaretz's* Ari Shavit August 11: "Ostensibly the Americans could...say clearly that if by next spring the Iranians still have a nuclear program, they will destroy it. But the Americans are not making this simple statement because countries don't make these kinds of statements to each other. In statesmanship there are no future contracts. The American president cannot commit now to a decision that he will or will not make six months from now. So the expectation of such a binding American assurance now is not serious. There is no such thing. Not to mention that President Obama doesn't even know if he'll still be sitting in the Oval Office come spring. And if

Mitt Romney is elected, history shows that presidents do not undertake dramatic operations in their first year in office unless forced to. So the problem here is a serious one. Israel has to responsibly ask itself what a lack of action now would mean. Only a blind man or someone playing dumb would fail to see that the highly likely default is a nuclear Iran....”]

Al-Monitor What explains the timing? I had been aware that September would probably be a decision point when the Israeli cabinet would decide one way or the other on Iran action — although it wasn’t clear what they would decide to do. But the sudden expressed urgency to act in the next few weeks is hard to understand.

Kahl If you go back to some of the time frames Barak was talking about last fall, it put the strike window opening in the summer [of this year] and closing around the US election. Barak and others have been saying things hinting at this time frame since last year. But this summer, as the P5+1 talks were going on, and before the [Central Bank of Iran] CBI and European oil sanctions went into place, it was difficult for the Israelis to legitimize an argument for action. But now, the P5+1 diplomatic track is stalled. And, although crippling energy sanctions have only been in place for about a month, Netanyahu and Barak have already declared sanctions a failure. Barak really believes that, by the end of this year, important elements of Iran's nuclear program will be out of reach for conventional Israeli capabilities (what Barak calls the "zone of immunity"). So, that means they either have to strike this year, or sub-contract out the strike to Washington in 2013-2014. (The US can wait longer because we have bigger bunker-busting bombs and the ability to sustain a lengthy military campaign, as opposed to a one-off Israeli

strike). The weather also starts to get problematic in November-December, so that means the Israeli strike window is more likely September-October if the Israelis are going to hit Iran in 2012.

Al-Monitor But the new sanctions just went into effect July 1. And while they are having a real economic impact, it's hard to imagine that anyone thought they would get Iran to cry uncle in a month and a half.

Kahl That's obviously right. And that is the argument being made by those in Israel who oppose a strike and by the Obama administration. These voices argue that CBI and oil sanctions — some of the toughest sanctions imposed on any country in history — just started to be imposed last month, and Iran is not on verge of a bomb. So we still have time to let the combination of pressure and diplomacy play out and try and get a deal. But it doesn't seem like Netanyahu and Barak agree... What is so interesting are the Israeli press reports in the past week that telegraph Netanyahu and Barak — especially Barak — going point-by-point to rebut all the arguments against a potential strike, in a very explicit, detailed and robust way. That's new.

Al-Monitor It's worth noting these arguments are being made primarily in the Israeli media, as opposed to the international media — *The New York Times*, CNN, etc. as in the past. This is an argument being made to the Israeli public.

Kahl It's very interesting... One explanation may be that it is an intentional effort to condition the Israeli public. Israel appears to be going through the Iraq dynamic we in the United States went through in 2002-2003 [ahead of the March 2003 US invasion of Iraq]. And as Time's Tony Karon noted the other day, there are

only so many times you can tell the Israeli public that they face a "grave and gathering threat of annihilation" before Israeli politicians, for the sake of their credibility at home and abroad, have no choice but to act.

Al-Monitor Defense Secretary Leon Panetta said explicitly in Israel this month that the US will use all means to prevent Iran from getting a nuclear bomb. And certainly many in the Israeli security establishment seem to genuinely trust that the US will act if necessary and that US-led action is far preferable.

Kahl Despite Obama's existing promises to use all means, including military action, to prevent an Iranian bomb, I think Netanyahu and Barak have convinced themselves that they cannot sub-contract out their security on this issue to any US president.

Al-Monitor That line stood out from the Decision Maker/Barak interview: "In statesmanship, there are no future contracts."

Kahl At the end of the day, the Israeli leadership is building the case that they can trust no one but themselves on this issue.

Article 5.

TIME

What Muslim Brotherhood's 'Counter coup' Tells Us About Egypt

Tony Karon

August 14, 2012

1. ‘It’s Never as Bad as It Seems on Twitter’

As analysts scrambled over the weekend to interpret President Mohamed Morsy’s decrees retiring the head of Egypt’s military junta and reversing its June 17 constitutional putsch stripping the presidency of much of its executive power, assessments veered all over the map: some called it a counter coup or a restoration, in a stroke, of democratic civilian rule; others warned that it marked the declaration of an Islamic state. Sobriety militates against such final or definitive conclusions, however. Indeed, George Washington University Arab-politics specialist Marc Lynch offered a sage tweet-length rule of thumb for analyzing Egyptian political developments: “It’s never as bad as it seems on Twitter.”

Power in Egypt remains in a state of flux, and Morsy has reminded us that we definitively predict outcomes at our peril. The Muslim Brotherhood alumnus had been elected in June to a presidency ostensibly stripped of much of its executive authority by Supreme Council of the Armed Forces (SCAF) decrees, which were blessed by Egypt’s highest court in an alliance reminiscent of the “deep state” that arose in Turkey during the 1980s, when hard-line secular-nationalist generals and judges claimed effective veto power over democratically elected governments. Morsy looked like a lame duck, who had been set up to fail by a junta aggressively seeking to cement its own direct control over Egypt’s political future.

By “retiring” Mohamed Hussein Tantawi and Sami Annan and reversing SCAF’s June 17 edicts, Morsy has certainly made clear that he’s no lame duck. But even if he’s shaken up the power game within Egypt’s all-too-vaguely defined institutions, it’s far too soon to tell just how much authority he has amassed. There may yet be some pushback from within the military, although initial responses suggest that there’s considerable support even within the junta for kicking Tantawi and Annan upstairs, and none of the signals that the military could respond with a coup. Although reports suggest that the announcement came as a surprise to the two senior men, the field marshal was replaced at the head of SCAF by another member of the junta, the more youthful General Abdul Fattah al-Sissi, who is 57 — 19 years younger than Tantawi. Reuters quoted another member of SCAF, General Mohammed al-Assar, as saying the move had been “based on consultation with the field marshal and the rest of the military council.” This isn’t the first time that members of the junta are making conflicting statements, but it does suggest that the move to replace Tantawi has the support of at least some in SCAF. And by naming Tantawi and Annan as “presidential advisers” and awarding them Egypt’s highest military honor, Morsy appears to be tacitly offering them protection against prosecution.

Still, it would be a mistake to tout Morsy’s moves as a decisive victory in the struggle for power between the military chiefs and the elected government. “The quiet deliberation with which this has been done and the military’s apparent acquiescence, suggests broad internal military support for the move,” notes Jon Alterman of the Center for Strategic and International Studies. “If the military remains quiet, one must assume that a deal has

been brokered. The simple triumph of Islamist politicians over military officers would have aroused more resistance in the military.” Even if the generals don’t push back, the judges may yet choose to — although Century Foundation Egypt analyst Michael Wahid Hanna suggests the jurists might be reluctant to act if the generals are acquiescing, lest they provoke a backlash that leaves them isolated. Much will depend, also, on how Morsy handles the political balance of forces in the weeks ahead: having reclaimed control over the process of writing a new constitution, the decisive question may be whether he’s willing to build a broad-based coalition for civilian rule by accommodating the concerns of parties opposed to the Muslim Brotherhood.

So while the President’s lightning offensive has changed the dynamic, Egypt’s political struggle remains a long-term conflict between rival power centers whose outcome won’t be settled for months, or even years to come — and will, no doubt, be the subject of dozens of all-is-lost/all-is-won Twitter emergencies along the way.

2. Power in Egypt Is Not About Personalities

Even Hosni Mubarak, in the end, was less important than the regime he headed. That much was clear in February 2011, when the strongman President of 30 years was unceremoniously shunted out of power by SCAF, a coterie of generals he appointed. That was a reminder, of course, that Mubarak’s regime hadn’t been created in his image and was no personality cult; he’d simply inherited the reins of power when his predecessor, Anwar Sadat, was gunned down. Mubarak

ultimately owed his power to the military, and what the military had given, the military eventually took away.

Nor was SCAF created in Tantawi's image, even though he headed it. It may have been just as plausible, had the transition gone differently, that the military junta might have been headed by former Mubarak consigliere, the late General Omar Suleiman. And what last weekend's events have shown, if indeed SCAF acquiesces to Tantawi's and Annan's forced retirement, is that the institution of SCAF is more powerful than the individuals that might lead it. It's a crystallization of the military's authority, and also vast institutional and economic interests, in Egyptian society, rather than an expression of the power of a specific cohort of generals. And Morsy appears to have used that fact to tilt the balance of power between civilian government and the military a little more in his favor. The changes, wrote analyst Issandr el-Amrani, were made "mostly within the logic of promotion typical of the Egyptian military (i.e., no people were suddenly dropped into the senior ranks from lower ranks or outside the senior staff). The overall impression I get is of a change of personalities with continuity in the institution. More junior officers are taking the posts of their former superiors, and some SCAF members are shifting positions. The departure of Tantawi was inevitable considering his age and unpopularity."

Still, Morsy's moves will have temporarily disorganized the opposition he was encountering from a rival power center. And he has changed the power balance within that power center. "There are some members of the SCAF who helped Mr. Morsy to do this, and they will now be beholden to him and owe their positions to his administration," Brookings Doha Center analyst

Shadi Hamid told the Economist. “What we’re going to see is a temporary accommodation in the short-term. But the institutional struggle between the military and the Brotherhood will continue.”

By exploiting the differences among generals, Morsy may have at least temporarily demobilized opposition to himself from within the military and elevated a cohort of leaders that owe their positions to him. That might allow him to push SCAF out of the political process and the writing of a new constitution, denying it the role of protector of secularism, etc., but guaranteeing its institutional interests, like an extensive share of the economy. How that plays out remains to be seen, and it will be settled by the coming together in alliances and clashes of a number of different power centers.

For the record, it’s also misleading to think of this as Morsy’s power game: the new President had been a lifelong activist of the Muslim Brotherhood, a movement based on collective leadership. And even though he’s resigned from the movement now that he’s President in order to better represent all Egyptians, there’s no question which power center drives his agenda. Let’s not forget that Morsy, in fact, is something of an accidental President himself: Egypt’s elected leader today would be Khairat al-Shater, Morsy’s longtime mentor in the Brotherhood, were it not for SCAF’s electoral commission ruling him ineligible on a legal technicality. Morsy was the Brotherhood’s Plan B candidate. Sure, there are key personalities that will make mistakes and wise decisions along the way that will shape events, but ultimately those personalities will operate within the decisionmaking parameters and interests of the competing power centers to which they owe whatever

authority they have.

3. The Revolution Will Not Be Televised

Since the fall of Mubarak, much of Egypt's power game has been played outside the public view, a slow and grinding war of attrition in the corridors of power rather than dramatic showdowns on the streets. Sure, a few thousand Muslim Brotherhood supporters gathered overnight in Tahrir Square to support Morsy's move, but these days such acts are desultory symbolic gestures; it's not power on the streets that is shaping the current phase of Egypt's revolution. Instead, it's more like a Machiavellian Game of Thrones scenario, but without the incest and decapitations.

That makes moves like Morsy's hard to detect before they're announced, and even harder to read and respond to. "That kind of politics can be deeply frustrating for an engaged public sphere, since so much of it takes place behind the scenes and in indirect maneuvers rather than in thrilling street protests or the realm of public debate," notes Lynch, who was an adviser to the Obama Administration during the Egyptian uprising.

"Presumably Morsy and his team have been carefully preparing the ground for this weekend's moves during the weeks where his administration appeared to be passive, floundering and ineffective." Indeed, State Department spokesperson Victoria Nuland confirmed on Monday that the U.S. had for some time been expecting a leadership change in Egypt's military although hadn't been told when it would occur and also that Washington was confident in those promoted by Morsy.

But as bold and sudden as Morsy's moves may have been, writes Lynch, "they don't instantly wipe away the real power centers in Egyptian politics." The deck may have been reshuffled, but conflicts between the elected leadership and the military haven't been eliminated; nor have conflicts between the politicians and the judiciary, which may yet choose to push back against Morsy's intervention — although, as the Century Foundation's Hanna notes, the judges may be less inclined to do so if the military appears to acquiesce to the changes, for fear of making unenforceable rulings that then further undermine the position of the judiciary.

4. Egypt's Institutions Are Weak and Lack Legitimacy

In the 18 months since Mubarak's ouster, Egyptian power struggles have been waged according to a fluid and changing set of rules, the enforcement of which has been uneven, and the prevailing assumption has been that the rules are about to be changed. It is supposedly a revolution, after all, which involves upending the rules of the Mubarak era and drafting a new constitution that will set the rules of a democratic political contest. Right now, however, it's a game without clear rules, and without a referee.

There's no constitution, and a democratically elected parliament has been dissolved by a Mubarak-appointed judiciary that sought explicitly to limit the power of elected institutions in favor of military control. Between them, the generals and the judges sought to make nonsense of democratically elected institutions and enfeeble the presidency while executive power remains in the hands of SCAF. Now, Morsy seems to have struck back, but many fear that he's playing the same game, the

rules of which are not entirely clear.

“Morsy acted extralegally,” says Hanna. “That’s not a moral or political judgment — revolutions often involve upending the existing legal political frameworks. And the one he was overturning was also established extralegally by the SCAF. The point is that Egypt’s institutions have been weakened to the point that there’s no institution adjudicating the battle for power. The result, until now, has been a series of competing power grabs between the generals and the Muslim Brothers.”

But, he warns, the political tug-of-war between these rival power centers does little to build and legitimize the institutions necessary for a democratic transition: “Those seeking to build a stable democratic Egypt shouldn’t feel more comfortable with President Morsy amassing overwhelming executive authority over the political and constitutional process than they have been with the SCAF amassing that same authority.”

Progress will come only when those holding the reins are able to make the decisions that are best for the process of civilian democracy itself rather than the decisions that boost the narrow interests of their own factions in the near term. Even if he’s succeeded in rolling back military authority, it’s not clear whether or not Morsy will use the resulting space to build a wider democratic consensus rather than simply build the Brotherhood’s own power.

5. For Egypt’s Civilian Politicians, the Choice Is Military Rule or Compromise with Detested Rivals

Morsy has made a bold move to roll back military influence over

the process of writing a new constitution and governing the country, but it will succeed only if he manages to secure a broad consensus in the political class for those changes. If the Muslim Brotherhood is seen by its rivals to repeat the mistakes of the past year by seeking once again to monopolize power over the constitution-writing process and in governing the country, many liberal and other secularist elements will remain alienated from the political process, creating space and a measure of political legitimacy for the judges and generals to reassert their own authority in the guise of serving as custodians of secularism.

To create the necessary broad political consensus, Morsy would have to challenge the instincts and track record of his own party and live up to his promises to govern on behalf of all Egyptians by restraining the Muslim Brotherhood's instinct to seek control over the political process. "The deeply rooted fears of the Muslim Brotherhood, fueled by recognition of their popular strength and doubts about their democratic convictions, prevents any easy [celebration of Morsy's moves as a victory for democracy] in many quarters. That's why the next few weeks will be crucial, as Morsy makes clear what kind of constitutional process he really intends and as the military and the anti-Islamist trends in Egyptian politics weigh their next moves."

For those anti-Islamist forces, the challenge is the same: they're never going to love or trust the Muslim Brotherhood, but nor are they ever going to achieve a democratic transition in Egypt without acknowledging that the Islamists playing the central role is, in fact, the verdict of the electorate.

The Wall Street Journal

The U.S. Natural-Gas Boom Will Transform the World

John Deutch

August 14, 2012 -- Two summers ago, natural gas cost \$4.50 per thousand cubic feet, which was less than half what it had cost two summers earlier. Today the price is under \$2.50, as unconventional natural gas production has increased to 20% of domestic supply from 5% in 2008, with 40% anticipated by 2020.

Meanwhile, North Dakota's Bakken/Three Rivers field produces 600,000 barrels a day of unconventional oil—up from 250,000 barrels in 2010 and less than half that in 2008—making that state the second-largest U.S. oil producer. With such changes happening so fast, it's timely to consider their implications.

A United States hopelessly dependent on imported oil and natural gas is a thing of the past. Most energy experts now project that North America will have the capacity to be a net exporter of oil and natural gas by the end of this decade.

This new production depends on advances in directional drilling and hydraulic fracturing, the process that injects enormous amounts of fluid—90% water, nearly 10% sand, and less than 1% chemical additives—into the ground below the water table, typically at depths greater than one kilometer, and laterally over distances of several kilometers.

To be sure, a North America independent of oil imports still isn't energy independent. The U.S. economy will continue to be subject to world oil prices, and supply disruptions in the world will still create price spikes. Close allies such as Germany and Japan will remain significantly dependent on oil imports from unstable regions, and their dependence will constrain U.S. foreign-policy choices.

Still, the security benefit of North America's new oil is significant. While this production will not be cheaper than conventional production from Saudi Arabia, the magnitude of North America's economically and technically recoverable oil resources (at, say, \$70 per barrel) is about 45 billion barrels, or 10% of the total North American oil in place.

This would exceed the magnitude available from the Middle East. Over time, it would yield a shift in global oil-market power from the traditional producers (OPEC, Russia) to consumers (such as Germany, Eastern Europe, China and India) that will benefit from the more diverse oil supply.

This revolution is not restricted to North America. Foreign activity lags behind, but during the past two years there has been a surge of interest in shale and oil reserves believed to be in Europe (Britain, France, Poland, Russia), Latin America (Argentina, Brazil) and Asia (China, Kazakhstan, India). World-wide oil supply is likely to surge, accommodating demand growth and replacing depletion—so that significant declines in prices are possible.

Demand for natural gas has not kept up with the phenomenal growth in supply. That's indicated by the extremely low current

price and the thousands of recently developed unconventional natural gas wells that are shut-in. Unconventional natural gas production from "dry" wells (those that don't produce useful petroleum liquid products) is at a virtual standstill.

This signals that some recovery in North American natural gas prices is likely—to the range of \$4 per thousand cubic feet, perhaps—which would be welcomed by producers. Consumers who heat their homes with gas, and chemical companies and other manufacturers who rely on this raw material for producing petrochemical and polymers, should enjoy several decades of abundant supply.

It will take time for the demand for gas to grow, and it is uncertain how rapidly and how far it will. Incremental gas production will initially go the power sector, displacing coal-generating plants. Natural gas will offer the cheapest way to produce electricity, at six cents per kilowatt-hour—more than 20% lower than new coal, nuclear or most renewable alternatives. Because of its low price, some natural gas will also be used to extract crude from Canada's oil sands. But the main question will be how much natural gas displaces higher-priced gasoline and alcohol fuels in transportation.

The historic ratio between the cost of natural gas and oil on an energy-equivalent basis—one to six—means that there is a tremendous economic incentive to develop new natural gas technologies for purposes including compressed natural gas vehicles, gas-to-liquid conversion, and methanol that could be used as a transportation fuel or blended into synthetic diesel fuel.

Then there's the potential for natural-gas exports from America, which is suggested by the massive discrepancy in prices between North America (\$2.50-\$4 per thousand cubic feet), Europe (\$10) and Asia (\$15). The U.S. government is likely to grant several export licenses for liquefied natural gas (LNG), but this promises to be politically controversial. If the U.S. takes a protectionist position, the North American gas market's integration assures that LNG will be exported from Canada and Mexico.

A critical point is the danger posed by public objections to hydraulic fracturing because of its environmental impact. Hundreds of thousands of wells will be drilled across the country, including in states unfamiliar with oil and gas activities, such as New York, Pennsylvania and Ohio.

The impact on air and water quality is significant. Above ground, the equipment needed to power drilling, fracturing and perforation emits pollutants that impair visibility and air quality. Production also yields significant amounts of water containing salts and dissolved organic compounds, which cannot be released into the environment. The venting of natural gas is a particular concern since methane is a potent greenhouse gas.

It's commonly said that the environmental impact is manageable with industry best practices and strong, independent regulation. Unfortunately, I do not yet see actions in the field that justify these statements of good intentions. Cooperation between the Environmental Protection Agency and state regulatory agencies, which share supervisory responsibility for oil and gas drilling on private lands, is strikingly contentious. Comprehensive air and water quality regulations are not set.

Industry should be commended for its initiatives to assure the public about its attention to environmental concerns, but industry leaders can go further. They should adopt a policy of measuring key environmental indicators such as water use and water composition throughout the process—from initial acquisition to retention in lined surface ponds or tanks, disposition in deep waste water wells, re-use in subsequent fracturing operations, or treatment. The key is to gather performance data from the field, publicly disclose these measurements, and commit to continuous improvement as this industry grows.

Mr. Deutch, a professor at MIT, has served as undersecretary of energy, deputy secretary of defense, and director of the CIA. He serves on the board of directors of Cheniere Energy and previously sat on the boards of Schlumberger, CMS Energy and Citigroup.

Article 7.

Spiegel

Turkey and the Euro Crisis

Kristina Karasu

8/14/2012 -- Amid the euro crisis drama, Turkey has seen economic growth as its European neighbors have suffered. As a result, the country has a newfound confidence that makes EU

membership seem less important. But the waning aspiration could stall important democratic reforms.

Newspaper seller Menderes is beaming: "Everything is great!" His newsstand is located at the Kadiköy ferry landing on the Asian side of Istanbul. Business is going well these days -- and not just for Menderes. The Turkish economy is booming, registering the second-fastest growth rate in the world last year at 8.5 percent. The country has a young population and the consumer culture is robust.

Menderes doesn't shy away from making comparisons to Europe when it comes to the economy, either. "There is no crisis in Turkey," he says. "Our Prime Minister (Recep Tayyip) Erdogan is doing a good job!" When asked what he thinks of Turkey's long-standing bid to become a European Union member state, the 30-year-old says he is no longer interested in the subject. "We don't want to be dependent on others," he says. "We are stronger on our own."

Support EU Membership Dwindles

Menderes is far from alone in this thinking. In 2004, shortly before the start of accession talks with Brussels, polls showed that 75 percent of Turks still wanted their country to become a member of the EU. Now that figure has plunged to less than 50 percent. "Public enthusiasm for the EU began to wane years ago," explains Istanbul-based political scientist Cengiz Aktar. "The euro crisis has strengthened that trend."

For years, Turkey had been forced to wait at Europe's gate, but now the country has found a new self-confidence. The government in Ankara has said that EU membership remains a

long-term goal, but that it won't come at any price. "We still believe that Turkey should join the European Union," Turkish Finance Minister Mehmet Simsek said in the fall of 2011, but he added that joining the euro would not be a very attractive option even if, "with its healthy economy and reasonable budget policy, it would certainly be more on the side of Germany than on that of the euro countries" in Southern Europe.

Still, despite its more than respectable growth, Turkey hasn't been entirely unscathed by the euro crisis. At the beginning of 2012, the Turkish economy grew by only 3.2 percent -- a relatively modest figure for an emerging economy. Growth had been hampered by the crisis consuming the EU, Turkey's most important trading partner by far. More than one-third of all Turkish exports go to the EU. And around 80 percent of all the foreign direct investment made in Turkey comes from the EU.

This has all contributed to an oddly ambivalent attitude towards the euro crisis in Turkey. Seemingly boundless pleasure over the country's own strength compared to a weakened Europe is mixed with the knowledge that Turkey is ultimately also economically reliant on the EU.

Looking to New Markets

Within the ranks of Turkey's economic elite, there are few illusions about any sort of independence. Ali Bilaloglu, the CEO of the Dogus Otomotiv, a major automobile importer, describes himself as a "dyed-in-the-wool European." Doing trade with Europe is part of his daily agenda, too. Bilaloglu's some 2,000 employees import car brands like Volkswagen, Audi and Porsche to Turkey.

The company has been indirectly touched by the crisis. Turnover of Turkish products in the EU is falling and that, in turn, is weakening the Turks' purchasing power. "We don't have negative figures, but there is less growth," Bilaloglu says. "If Europe were healthier, then Turkey could grow faster."

But Dogus Otomotiv has also directly felt the pressures of the crisis through a joint venture it created with two other companies. The firms were conceived in 2006 to export Turkish-made trailers and dump trucks to the EU. Nothing ever came of the plan. "The European market collapsed and we had to find alternatives," he says.

Ultimately, executives at Dogus Otomotiv, like many other Turkish firms, sought new markets in Africa and the Middle East instead. But political scientist Aktar notes that "these regions have neither the importance nor the purchasing power of the EU market. They are unstable and unpredictable." He warns that Turks cannot lose sight of Europe economically, but should also stay connected for political and social reasons.

Reforms Stall

Turkey isn't dependent on Europe for economic reasons alone. Many people fear that the country's social and political reforms will only progress if the prospect of EU membership remains in place.

Derya, a 42-year-old elementary school teacher who asked for her last name not be published, says she fully supports EU accession for Turkey. "In Turkey, much still remains to be done when it comes to issues of human rights, standards of living and education," she says. "We can only achieve these reforms with

the EU."

In fact, Erdogan's conservative-religious Justice and Development Party (AKP) has used the EU accession process to transform Turkey into a more democratic and just country. But more recently, and particularly after the AKP's recent landslide re-election in June 2011, the desire for reforms has stalled. And even as Prime Minister Erdogan likes to position his country in the Arab world as a role model for Muslim democracy, thousands of Kurds, students and more than 100 journalists are sitting in jail in Turkey based on what are sometimes absurd charges. It's a development political scientist Aktar views with concern. "There's a real tendency among Turkish politicians toward excessive self-confidence," he says. "That's very dangerous."

It is also clear to Aktar as well as entrepreneur Bilaloglu that EU accession shouldn't be an issue that is dependent on everyday politics. "That is a long-term, strategic direction," says Bilaloglu. "Turkey made a clear decision that it wanted to belong to the EU decades ago." The EU would also profit from Turkish membership, he says. It could, for example, help solve the issue of Europe's ageing and shrinking population. He also adds, nevertheless, that the EU needs to move ahead and finally make a decision over whether it is going to accept Turkey. "Because if the EU's problems get more urgent, then Turkey, as a partner that can help solve Europe's problems, may start to make a fuss."

For now, it seems, Europeans are going to have to start getting used to this new Turkish self-confidence.