



MASSIVE EGYPTIAN BUILD-UP OF FORCES ON CANAL'S WEST BANK WORRYING ISRAEL

TEL AVIV, Jan. 29 (JTA)--Israel is becoming increasingly concerned over the massive build-up of Egyptian forces on the west bank of the Suez Canal. The Egyptian military preparations which include the dispatch of large reinforcements to the canal zone and the deployment of troops in combat ready formations, was reported to the Knesset by Defense Minister Shimon Peres.

He stressed that apart from minor violations, Egypt was observing the letter of its disengagement agreement with Israel. The agreement provides for a limited forces zone on the east bank of the Suez Canal but leaves Egypt free to concentrate armed forces and equipment on the west bank.

The deployment has been accelerated in the past few days leading Israeli observers to believe that the Egyptians are preparing for a swift strike should a new war develop in Sinai. In addition, Israeli observers say, the Egyptians want to demonstrate that they retain a military option, especially when Secretary of State Henry A. Kissinger visits the region again next month.

PLO TO PARTICIPATE IN UN PARLEY NEXT WEEK IN VIENNA

VIENNA, Jan. 29 (JTA)--The Palestine Liberation Organization (PLO) will make its diplomatic debut in Vienna next week when PLO delegates take part in a United Nations conference. PLO representatives were invited to attend a United Nations conference discussing diplomatic privileges, which opens in the former Imperial Palace next Tuesday.

The UN Secretariat decided to invite all "liberation" organizations to take part in the conference. The PLO accepted this invitation. A spokesman for the Austrian Foreign Ministry said that the Ministry had nothing to do with the invitation. Austrian authorities will not grant diplomatic rights to PLO representatives, but only "functional immunity," he said. The Austrian Interior Ministry ordered security measures for the PLO delegates.

SENATOR WARNS ISRAEL NOT TO EXPECT TO GET MASSIVE U.S. AID

TEL AVIV, Jan. 29 (JTA)--Sen. James McClure (R, Idaho) implied here yesterday that Israel should not expect to get all of the \$2.5 billion in American economic and military aid it has requested. Arriving here on a three-day visit, McClure noted that Israel's request came at a time of severe economic difficulties in the U.S.

He said that while he believed U.S. support for Israel could continue, there were indications of reluctance among Americans to continue massive military assistance to Israel, especially in view of the controversy over the continuation of such assistance to South Vietnam and Cambodia.

The Senator also expressed doubt that Congress would agree to send American troops to assist Israel in the event of a new outbreak of war in the Middle East. McClure was scheduled

to meet with Premier Yitzhak Rabin today. He will visit Saudi Arabia, Iran and Algiers after leaving Israel.

CHICAGO JEWISH LEADERS ANGERED BY PERCY'S VIEW THAT ISRAEL IS INTRANSIGENT, ARAFAT IS MODERATE

CHICAGO, Jan. 29 (JTA)--Jewish leaders here responded angrily today to remarks attributed to Sen. Charles H. Percy (R, Ill.) which they characterized as a "shocking change of policy" toward Israel. The Senator, just returned from a tour of Israel and Arab countries, told newsmen in Washington that Israel was intransigent, that PLO chieftain Yasir Arafat was "relatively speaking, a moderate" and that Israel could not count on American support if it was responsible for launching a new war in the Middle East.

Percy's remarks, at a breakfast meeting with journalists yesterday, drew an angry response from Maynard I. Wishner, chairman of the public affairs committee of the Jewish United Fund which represents 36 Jewish organizations in the Greater Chicago area. Wishner said Jewish communal leaders were "shocked and dismayed" by Percy's views and "are requesting an urgent meeting with the Senator for clarification of the statements." The Senator is due to meet with Chicago Jewish leaders tomorrow.

Says Israel Is Unrealistic

Percy, whose pro-Israel voting record in the Senate and public statements on many occasions earned him the reputation of being a staunch friend of Israel, was quoted as telling the American journalists that Israeli leaders were "unrealistic" if they thought they could avoid contact with the PLO. "We cannot support Israel right or wrong," he told the group. If Israel was responsible for a new war in the Middle East "it is not clear that United States support would be with them," he said.

He reportedly said that Israel had missed a chance to negotiate a settlement with King Hussein of Jordan and was making a mistake in refusing to deal with Arafat. Percy reportedly indicated that Israel would have to withdraw to "essentially" the lines that existed before the 1967 Six-Day War. He said there was no question that the U.S. must do everything possible to insure Israel's independence, but warned that "there are limits to the level of support," particularly "to the extent we'd go to support Israeli occupation" of Arab lands.

JUF Says Percy Was 'Taken In'

The statement issued by the Jewish United Fund here said, "It is difficult to understand his (Percy's) characterization of Yasir Arafat as a so-called 'moderate' in view of Arafat's appearance at the United Nations calling for the destruction of a member state of that body, namely, Israel, with a holster at his hip." The statement continued:

"For Senator Percy to be taken in by so-called moderate talk at a time when Arab terrorists are firing bazookas at civilian aircraft and throwing hand grenades among innocent men, women and children on an observation deck of the Paris airport, is completely incomprehensible. We wonder what has happened to Senator Percy's sense of perspective and even-handedness when he refers

to Israel's 'intransigence' when none of the other parties are asked to take any steps toward normalizing relationships leading to peace in exchange for territory. That territory keeps those who would destroy an ally of the United States out of guns' reach of the homes and schools of a people who would welcome true peace more than anything in the world."

Statements similar to those attributed to him at the journalists' breakfast were made by Percy to newsmen in Israel before his departure from that country last week. (See JTA Daily News Bulletin of Jan. 24.) The Senator visited 12 Middle Eastern countries, including Israel, on his tour. When asked by the Washington newsmen which of his views changed the most as a result of his visit to the Mideast, he replied that he had gained a new impression of the Palestinians.

(This afternoon Percy issued a statement to the Jewish Telegraphic Agency on his attitude towards Israel. See P. 3 for separate story.)

YATES TELLS PERCY TO COME DOWN FROM CLOUD OF PROPAGANDA

By Joseph Polakoff

WASHINGTON, Jan. 29 (JTA)--Sen. Charles Percy (R. Ill.) should "come down from the cloud of propaganda which still envelops him and look at the hard facts," according to Rep. Sidney Yates (D.Ill.) dean of the Jewish Congressional delegation.

"I must say to the Senator," Yates said, "I am surprised that as a member of the Senate Foreign Relations Committee he is not more aware of the harsh realities and sensitive relationships in the Middle East. Making such provocative and ill-advised criticisms of Israel on the eve of sensitive negotiations between the parties could be prejudicial to Israel. The Senator has rendered no constructive service to the cause of peace."

Yates made the statements that included references to Palestinian terror acts in Europe and in Israel in responding to Percy's assertions yesterday that terrorism gives a false picture of the Palestinians.

His assertions about Israeli leaders, the Palestine Liberation Organization and its leader, Yasser Arafat, were seen here as another act towards pressuring Israel into accepting the PLO as a negotiator despite Arafat's statement to the United Nations that the PLO view of Palestine would be to eliminate Israel as a state.

Percy was one of 71 Senators who less than two months ago signed a letter and sent it to President Ford asking him to resolutely oppose recognition of the PLO in any way. That letter outlined Arafat's support of Palestinian terror and his insistence on wiping out Israel as a state.

YARIV RESIGNS FROM GOVERNMENT; QUESTIONS NEED, USEFULNESS OF INFORMATION MINISTRY IN PRESENT FORM

JERUSALEM, Jan. 29 (JTA)--Information Minister Aharon Yariv announced his resignation from the government this morning. Sources here said the retired general who was chief of Israel army intelligence from 1966-72 had tendered his resignation to Premier Yitzhak Rabin last Friday and later rejected Rabin's request that he reconsider it. His letter of resignation reportedly questioned the need and usefulness of the Information Ministry in its present form.

The Information Ministry is a relatively new Cabinet post, having been established last March. The portfolio was originally held by Shimon Peres, now Minister of Defense. Yariv's letter

of resignation was reportedly critical of the functioning of the Cabinet as a whole. He and Transport Minister Gad Yaacobi had been commissioned specially to study the Cabinet's work patterns and recommend methods of improving them. But their suggestions apparently were never acted upon.

Yariv reportedly was especially critical of the fact that the Rabin Cabinet has failed so far to implement the recommendation of the Agranat Committee investigating the Yom Kippur War that a select ministerial security committee be established as a swift and efficient decision-making body on vital defense issues, particularly in times of emergency. Rabin so far has perpetuated the old system set up during the Premiership of Golda Meir in which the entire Cabinet of 20-odd members constitutes itself a ministerial security committee to deal with security issues. The Agranat Committee's interim report, published last April, implicitly criticized that system.

Observers here noted that relations have cooled considerably between Rabin and Yariv, his former army colleague in recent months. Yariv was said to be miffed at not being included in Rabin's inner circle of ministers--principally Foreign Minister Yigal Alon, Defense Minister Peres, Justice Minister Haim Zadok and Finance Minister Yehoshua Rabinowitz--with whom the Premier consults regularly on major policy matters.

The fact that Yariv did not participate in the government leaders' meetings with Secretary of State Henry A. Kissinger in Jerusalem last December contributed to Yariv's frustration and resulted in his making several faux pas at press briefings and news conferences which were deeply embarrassing to him personally.

Yariv, who came out of retirement in 1973 to negotiate the kilometer 101 cease-fire agreement with Egyptian officers after the Yom Kippur War, was appointed to the Cabinet last June by Rabin. He reportedly accepted the post reluctantly. He is said to have felt since then that the smooth functioning and growth of the Information Ministry was being hobbled by several factors, among them its ongoing dispute with the Foreign Ministry over responsibility for disseminating information.

At a press conference this evening, Yariv suggested that the Information Ministry be reduced to the status of a department within the Prime Minister's Office, headed by a top civil servant. He also indicated that he would retain his Knesset seat and membership in the Labor Party. His resignation will become effective next Tuesday, 48 hours after it is formally submitted to the Cabinet. (By David Landau).

SADAT OPTIMISTIC ABOUT MIDEAST PEACE; SIGNS ACCORD WITH FRANCE FOR VAST NEW ARMS ARSENAL

By Edwin Eytan

PARIS, Jan. 29 (JTA)--President Anwar Sadat of Egypt ended his three-day state visit to France this afternoon with strong protestations of peaceful intentions in the Middle East and agreements for a vast new war arsenal of French-made combat aircraft and other military hardware in his pocket. At a press conference shortly before his departure in the Hotel Marigny, his official residence during his brief stay here, the Egyptian leader declared, "This is the first time in 26 years that peace is possible."

He added that neither Egypt nor Syria have the slightest intention to renew their war with Israel, saying, "I can frankly speak for Syria as we have a unified command with the Syrian army." He said that he agreed with U.S. Secretary of State

Henry A. Kissinger's statement yesterday that the Israeli and Egyptian positions on a peace settlement were reconcilable and that Egypt was ready to sign a peace agreement and accept Israel's right to exist inside guaranteed borders.

However, Sadat warned that the Middle East situation remains explosive. He said Egypt would do all it could to reach a peaceful solution by political means but added, "My patience is not unlimited." He said the responsibility rested with Israel to "defuse the explosive situation" and suggested that Israel start by undertaking partial withdrawals in the Sinai, the West Bank and the Golan Heights.

Sadat said he favored guarantees to facilitate the peace-process and that he would welcome French troops to the peace-keeping forces on the Egyptian-Israeli border on condition that "such forces be stationed on both sides of the frontier; in both Sinai and in Israel proper." The Egyptian President departed from Orly Airport where he was accompanied by Premier Jacques Chirac.

Arms For The Aid Of Egypt

A Franco-Egyptian communique issued earlier said that "France has agreed to sell certain types of military equipment to Egypt to compensate for part of its losses" during the Yom Kippur War. The communique also mentioned several joint economic projects in the civilian sector, including the construction of a Cairo subway railway material, a sugar refinery, an automobile plant and the development of the Suez Canal zone. According to French sources, Egypt has \$2 billion in credits put at its disposal by Saudi Arabia, Kuwait and other Arab states.

Sadat confirmed at his press conference that Egypt had purchased French-made Mirage jets and other types of military equipment but refused to reveal the quantities and types of planes. Reliable sources here said the Franco-Egyptian deals provide for the sale of 48 Mirages and a small number of "Alphajet" training aircraft. According to the sources, most of the Mirages are of the more conventional III-C type and will be delivered to Egypt shortly.

But the contract also provides for the delivery at a future date of an unspecified number of F-1s, a highly-sophisticated combat jet that France is trying to sell to four Western European NATO countries. In addition, the sources said, the arms deal includes direct delivery to Egypt of 40 Mirages that Saudi Arabia recently purchased on Cairo's behalf. Six of them have already been delivered directly from the French air base at Istres near Marseilles.

The sources told the Jewish Telegraphic Agency that Sadat has also concluded agreements for the purchase of various types of French-made radar and ultra-sophisticated electronic equipment. The radar mentioned is manufactured by the "Thomson CSF Co." whose plant Sadat visited yesterday. It operates in conjunction with France's "Crotal" surface-to-surface land and sea missiles, made by the "Matra" works, which Egypt has also contracted to buy, the sources said.

'Trick' To Force Moscow's Aid

Many observers here expressed doubt that France has the technical capacity to replace the Soviet Union as Egypt's chief supplier of military equipment. Some Western diplomats suggested that the Franco-Egyptian arms agreement was "only a trick" to force Moscow into resuming large-scale arms shipments to Egypt. Sadat had complained in recently published interviews

that Russia stopped all arms deliveries to Egypt, including essential spare parts, immediately after the Yom Kippur War and has since reneged on promised arms supplies.

Military experts here also expressed doubt that Egypt could, by itself, maintain such sophisticated equipment as the F-1 fighter-bomber which demands a highly skilled maintenance and flying capacity. France currently produces about six F-1s a month, but the Dassault Co., which manufactures them, has reportedly plans to expand production in preparation for possible contracts for 300 such planes for Belgium, Holland, Norway and Denmark.

During his visit here, Sadat had at least as many meetings with French arms manufacturers as with the country's top political leaders. Yesterday he conferred at the Hotel Marigny with the presidents of "Dassault-Breguet," "Matra" and the "SNECMA Works" which produces jet engines for war planes.

PERCY'S STATEMENT TO THE JTA

By Joseph Polakoff

WASHINGTON, Jan. 29 (JTA)--In a statement to the Jewish Telegraphic Agency today, Sen. Charles Percy (R, Ill.) said, "I have not changed my long held support for the legitimate aspirations of the brave people of Israel," and "I continue to support Israel's desire for peace and security."

He said that on his recent tour of the Middle East which covered 12 countries including Israel, he had "in face-to-face meetings with the rulers of a number of Arab countries, accompanied by our American Ambassador, reiterated my long held and deeply felt position that Israel as a sovereign nation must be fully recognized by the Arab states; the borders and territorial integrity of the State of Israel must be guaranteed to the maximum possible extent; and the ability of the people of Israel to live in peace and security must be assured."

In his statement to the JTA, Percy said that he did recommend "changes in Israel's policy" but observed that "short-hand reporting of the press does not put everything in perspective or even insure accuracy." He said that in a statement he made to the Egyptian press in Cairo, which was transmitted to all Arab capitals by the U.S. Information Agency, he had stressed that "in any peace the sovereignty of the State of Israel and its people must be assured."

Percy added to the JTA, "The changed circumstances in the Middle East require changes in Israel's policy because the Arab states are no longer weak." He said "As I told my friend, Prime Minister Rabin just a week ago, Israel must start a process which will enable the more moderate Arabs to resist the pressures of the military and radical elements in their countries for going to war again."

He said that "in exchange for Israeli withdrawal from most of the occupied lands and negotiations with the Palestinians, Israel should require formal diplomatic recognition by the Arab states, free and unhampered use of the Suez Canal when it is opened, the beginning of economic and cultural contacts with the Arab nations" and "also appropriate American diplomatic, economic and political support for Israel during the difficult time of negotiation, during the rearrangement, and into the future."

Percy concluded: "At great risk of being misunderstood by a community I respect and which I believe has respected me, I have made these suggestions with Israel's survival and well-being uppermost in my mind, along with my responsibility to the United States' national interest. As I have said many times, my support for Israel's legitimate aspirations for peace and security is irrevocable. I mean that with all my heart."

