



# daily news bulletin

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## 3 MORE SUSPECTED TERRORIST COLLABORATORS NABBED IN LEBANON By Yitzhak Shargil

TEL AVIV, May 13 (JTA)--Israeli forces crossed the Lebanese border last night for the second time in 24 hours and brought back three persons suspected of collaborating with terrorists. The action followed a dragnet Sunday night in which five persons were brought back to Israel for questioning in connection with terrorist activities.

The border crossings and sweep through the area of southern Lebanon known as Fatahland was described as a preventive measure to foil possible terrorist plans for assaults on Israel this-Thursday, May 15, the 27th anniversary of Israel's independence. On that date last year, 25 Israelis including 21 high school students were killed in a terrorist attack on a school building in the border village of Maalot.

A military spokesman said the operations last night and Sunday night were carried out without any casualties or opposition from either Lebanese regulars or terrorist forces and that no damage or injuries were inflicted on the local population. The spokesman flatly denied a Lebanese report that Israeli soldiers blew up a village clinic.

The operation last night was confined to the village of Yitarun, about two-and-a-half kilometers north of the Israeli border. The eight prisoners taken in the two raids included a physician, a woman and a Communist leader. The latter was identified as Ahmed Murad of Bint-Jubeil village who was a candidate for the Lebanese Parliament on the Communist list for his region. One of the suspected collaborators taken in the Sunday night operation, a woman, was released today and returned to Lebanon upon completion of her investigation.

Security sources said today that an increase of terrorist movement in Fatahland has been observed in the past few days since the recent fighting between right-wing Lebanese Phalangists and Palestinian terrorists subsided. This has prompted special precautionary measures by Israel, the sources said. The measures include strengthening guards and patrols in border villages that are likely targets for terrorist attacks

## ARABS RAP ISRAEL-EEC ACCORD

BONN, May 13 (JTA)--The newly created Israeli-European Economic Community trade accord is under attack by the Arab world, Syrian Foreign Minister Abdul Halim Khaddam, speaking at a press conference here today, declared that the treaty will only serve to encourage Israeli obstinacy in her Middle East policy. Khaddam asked that the EEC suspend the accord or be prepared to pay compensation for the damages incurred by the Arab countries.

He warned the EEC nations that Israel's "destructive and aggressive" policy will endanger European security. Khaddam concluded by demanding that Israel withdraw from the occupied territories and that the non-Arab world grant full recognition to the natural rights of the Palestinian people.

West German Foreign Minister Hans-Dietrich Genscher, apparently unmoved by Khaddam's

warning, stressed that the accord conforms with the EEC's balanced policy toward the Middle East. He indicated the fairness of the accord by pointing out that agreements have already been concluded between Morocco, Algeria and Tunisia, and negotiations are to begin shortly with Syria, Egypt, Jordan and Lebanon.

(Protesting views of the accord have also appeared in the Paris newspaper, France-Soir. In an article published May 9, an Algerian diplomat posted in Cairo, Belkacem Boudouy, declared that the agreement reflected EEC support for the Israeli occupation of Arab territories. The Paris evening paper, Le Monde, in an article concerning the Arab reaction to the Israel-EEC accord, speculated today as to the purpose of the strongly antagonistic Arab reaction. Do the Arabs hope to obtain advantages in the current negotiations between them and the European Economic Community or do they desire to maneuver the European Common Market into becoming their ally against Israel? Le Monde asked.)

## ISRAEL, U.S. SIGN ACCORD AIMED AT FACILITATING PROMOTION OF INVESTMENTS IN ISRAEL BY U.S. FIRMS

First Such Comprehensive Accord; Rabinowitz By Joseph Polakoff

WASHINGTON, May 13 (JTA)--Israeli Finance Minister Yehoshua Rabinowitz and Secretary of the Treasury William E. Simon signed a joint statement here today aimed at facilitating the promotion of investments in Israel by American companies. They also initiated a treaty on double taxation which, when ratified by Congress, will provide additional inducements for American investors in Israel.

The signings marked the conclusion of two days of negotiations between Simon and Rabinowitz who serve as co-chairmen of the U.S.-Israel Joint Committee for Investment and Trade and senior officials of both countries.

Rabinowitz said, "This is the first time such a comprehensive agreement has been signed by the two countries." He and other Israeli officials noted that the agreements entered into here and Israel's agreement with the European Common Market countries signed in Paris last week should be of particular interest to American investors because Israel is now in the position of enjoying "a very unique situation." They pointed out that the agreement with the Common Market makes Israel part of the EEC area with an annual gross national product of \$80 billion.

## Goes Beyond Ford's Statement

The joint statement signed by Rabinowitz and Simon reaffirmed the policy of their respective governments to oppose restrictive trade practices and boycotts against countries friendly to either. The statement referred to President Ford's statement of Feb. 26 that religious or ethnic discrimination was totally contrary to the American tradition and has no place in the free commerce of the United States--a direct reference to the Arab boycott and blacklisting of companies doing business with Israel.

Rabinowitz said afterwards that the opposition to boycotts contained in today's joint statement could have been "stronger" but "we are satisfied

with the statement as it is here." Other Israeli officials said, however, that the Rabinowitz-Simon statement "clearly goes beyond what President Ford has said."

The treaty on the avoidance of double taxation recognizes Israel's compulsory loans as creditable taxes for U.S. income tax purposes. The joint statement also noted that Israel has been approved as a supplier of AID (Agency for International Development) financed commodities and services and as a supplier for off-shore procurement of the U.S. Department of Defense.

It was not immediately clear what the latter reference included but it is believed to refer to a procedure developed to assist Israeli producers to sell products and spare parts to U.S. Defense Department suppliers.

#### Area Of Investments

In addition to the tax treaty, the agreement calls for the following in the area of investments: The Overseas Private Investment Corp., which already provides insurance to U.S. investors in Israel, will extend its guarantees to Israeli development loans and will participate directly in financing U.S. investments in Israel through long-term convertible debentures; the U.S. will arrange top-level management business missions and seminars to explore trade and investment opportunities in Israel; the U.S. will publicize the many advantages Israel offers foreign investors.

The agreement recognizes the special circumstances that characterize Israel's trade, particularly in food and feed grains and the importance of assuring Israel access to raw materials.

In order to assist foreign investors, the Israeli government has developed a "special business package" to help manufacturers in the investment phase by offering financial leverage and in the operating phase by providing low cost working capital and rebate for indirect taxes. According to the U.S. Internal Revenue Service Code, American investments in Israel enjoy the special Less Developed Country status thereby entitling the company to a higher credit for taxes paid to a foreign country.

#### Proof There Is No U.S.-Israel "Freeze"

Israeli officials here said their country will seek "high technology manufacturers engaged in electronics, instrumentation, fine metals and chemicals." They noted that 23 American companies listed among the 250 largest by Fortune magazine, have manufacturing facilities in Israel. One Israeli official noted that no American company has ever abandoned its facilities in Israel as a result of the Arab boycott and blacklist.

At a press conference later, Israeli Ambassador Simcha Dinitz hailed today's agreement as a demonstration that there is no "freeze" on relations between Israel and the U.S. "It indicates there is no freeze or stoppage in relations with the U.S. as some might imply" as a result of the American review of its Middle East policy, he said.

#### WJC TO DEAL WITH ARAB BOYCOTT

LONDON, May 13 (JTA)--The World Jewish Congress Executive meeting here for two days last week set up a committee to counter Arab-boycott activities. This was the first meeting of the newly-elected Executive under the chairmanship of WJC President Dr. Nahum Goldmann. The Executive decided to form a special committee to deal with the Arab boycott under the chairmanship of Edgar Bronfman, chairman of the North American Section of the WJC.

Other committee members are Arthur Hertzberg, a WJC vice-president, and Philip Klutznick, chairman of the WJC board of governors, for the U.S.; Lord Fisher for Europe; Sol Kanee, WJC treasurer, for Canada; and Yitzhak Korn and Ezra Shapiro for Israel. This committee's task will be to advise the Jewish communities on this issue which the WJC regards as a matter of top priority and to coordinate the actions of the various WJC-affiliated communities.

The Executive also discussed Israel-diaspora relations and problems of Soviet Jewry. In seeking ways to implement the resolution of its plenary assembly which met recently in Jerusalem, to create a framework for Israel-diaspora relations, the Executive resolved to discuss various proposals with the Israel government and the World Zionist Organization. The meeting authorized the convening of a panel of scholars and experts to discuss the subject.

The WZO was represented at the meeting by Leon Dulzin, Jewish Agency treasurer and chairman of the WJC General Council, and Shapiro, Keren Hayesod chairman and a WJC vice-president. Others who participated in the two-day meeting included WJC vice-presidents Sam Norich, Dr. Joachim Prinz and Hertzberg, of the U.S., and Shapiro; Gregorio Swigon, Kanee, Klutznick, Bronfman, Dulzin, Lord Fisher and Korn.

#### ISRAEL GOVERNMENT IN CONTROVERSY WITH PRESS OVER PUBLICATION OF MATERIAL CONSIDERED DETRIMENTAL By David Landau

JERUSALEM, May 13 (JTA)--The Israeli government was embroiled in a bitter controversy with the Israeli press today over the publication of material it considers detrimental to the interests of the State. The long simmering conflict over the appearance in Israeli newspapers of material "leaked" by high-level sources erupted last night and this morning over two specific stories.

One was the banning by Israeli military censors of publication of a book by Matti Golan, diplomatic correspondent of Haaretz, which contains what are purportedly verbatim transcripts of private conversations between former Premier Golda Meir and Secretary of State Henry A. Kissinger during negotiations that led to the disengagement agreements between Israel and Egypt in January, 1974.

News that the book had been banned was withheld from publication until midnight last night when an army spokesman issued a brief statement revealing that fact. The statement said the Golan book was "full of secret and top secret material" which could prejudice the State. The official acknowledgement of the censorship was made only after the New York Times published the story today of the censorship and the alleged contents of the book in its editions this morning.

The other source of controversy was the publication in the Jerusalem Post yesterday of a list of 12 "Egyptian concessions" during the recent bilateral talks with Israel which Secretary of State Henry A. Kissinger was circulating selectively in Washington according to the Post's Washington correspondent, Wolf Blitzer.

There was no immediate official reaction to the Jerusalem Post story but highly placed sources here were reported to be both angered and saddened by the publication. Officials said at noon today that they were "studying" the reported list of concessions and would decide on a reaction later. Privately, the officials indicated that they had known for some weeks that a document of that nature had been circulated in Washington.

(In Washington, the State Department has refused

to confirm the contents of the Jerusalem Post story or the existence of the documents. But officials there said it was broadly similar to background briefings given recently by Undersecretary of State Joseph J. Sisco. The State Department also had no reaction to the Golan book. (See separate story for Kissinger's reaction.)

#### Challenge In Court Expected

Haaretz said today that Golan was seeking legal advice with a view to challenging the ban on his book in the Supreme Court. Meanwhile, he has complied with an order to turn over his manuscript and all notes and documents relating to it to the military authorities on the understanding that they would be returned if the ban is revoked.

According to the New York Times' Jerusalem correspondent, Terence Smith, the Golan book contains secret minutes of meetings between Mrs Meir and Kissinger during which the latter made disparaging remarks about leaders of Egypt, Syria, the Soviet Union, Japan and other countries.

The decision to ban the book was reportedly taken after extensive deliberations at the Cabinet level and was finally reached by Premier Yitzhak Rabin. According to the Smith story in today's Times, Rabin called a meeting of the editors of Israel's major newspapers in his Tel Aviv office last Wednesday to explain why the Golan book was censored.

Rabin reportedly told them that the revelations it contained would cause a rupture between the U.S. and Israel and that the U.S. would thereafter refuse to assume any mediating role in the Middle East conflict because it could not be assured of the confidentiality of its private communications.

#### Speculation About Source Of Leak

Speculation was rife, meanwhile, as to the identity of the person or persons who made secret documents, protocols and internal communications available to Golan. Since the period involved was the final months of the Meir government, speculation has focussed on members of that government and, in particular on former Foreign Minister Abba Eban who is embroiled in a bitter controversy with the Rabin government over his criticism of its policies during the bilateral talks with Egypt.

It was emphasized, however, that there is absolutely no evidence to indicate that any high ranking member of the previous government was responsible for the leaks. Golan has steadfastly refused to name his sources.

#### Agreements, Not Concessions

Meanwhile, informed sources here said that the 12 "concessions" allegedly offered by Egypt were not concessions but agreements or understandings already incorporated in the January, 1974 disengagement accords and their re-hashing at this time is something of a hoax.

One of the alleged "concessions" was Egypt's readiness to "reduce" hostile propaganda and "selectively" ease the Arab boycott of some American firms trading with Israel. It was not clear whether these items were direct undertakings to Israel or secret understandings between Egypt and the U.S. Israel attaches significance only to agreements openly and directly made.

Other "concessions" listed included the willingness to permit Gaza students and families to cross the Sinai cease-fire lines--something they have been doing since 1967--and to allow Israeli cargoes through the Suez Canal.

The latter, according to Israel and the U.S., was part of the 1974 disengagement agreements. Another "concession," to allow free passage through the Straits of Bab el Mandeb which was blocked by Egypt during the Yom Kippur War, was a secret part of the November, 1973 cease-fire agreement, the sources said. Similarly, an Egyptian undertaking to refrain from acts of force by military or paramilitary forces, was part of the 1974 disengagement agreement.

The list included a declaration that the Arab-Israeli conflict must be solved by peaceful means and that the new agreements would remain in force until superseded by another agreement. It also stated that the United Nations peace-keeping forces would continue to function and that its mandate would be extended annually. Egypt, meanwhile, has agreed to only a three-month extension, from the date of expiration, April 24, 1975.

#### KISSINGER: NOT TOO WORRIED ABOUT BOOK

KANSAS CITY, May 13 (JTA)--Secretary of State Henry A. Kissinger told a press conference here today that he had been informed about the book by Matti Golan, banned in Israel, purportedly containing transcripts of private conversations in Israel between him and then Premier Golda Meir and that he was not "particularly worried" about the development. He said it would not "affect negotiations with the Arab countries or the Soviets" on the Middle East.

He held the press conference during a visit here for a speech to the Kansas City International Relations Council, a public affairs organization.

Kissinger declined to discuss Israeli former Foreign Minister Abba Eban's charge that the Israeli government had been inflexible and thus caused the failure of Kissinger's effort in March for a second-stage Israeli-Egyptian accord. Kissinger commented only that Mideast negotiations "are extremely complicated" and that any "analysis" of the talks "depends on the point in time in which it starts." In dismissing the report on the Golan book, Kissinger referred to "the closeness" of United States-Israel relations.

Kissinger also noted that what was involved in the suspended talks was that Israel was to contribute territories, "tangible things for intangibles," adding that "how to balance these two is complicated and difficult." He said also that negotiations were further complicated by Arab pressures and political divisions within Israel.

He indicated that the U.S. had not ruled out a new round of shuttle diplomacy but said it would be "unwise and risky" for the U.S. to involve its prestige in new negotiations unless it was assured by the parties of success in advance. He added that he had no new ideas from either Israel or Egypt and that the U.S. would have a better judgment on the resumption of shuttle talks after President Ford met with Egyptian President Anwar Sadat in Salzburg, Austria on June 1-2 and with Premier Yitzhak Rabin in Washington June 11-12.

Kissinger said again that until the Palestine Liberation Organization affirmed the existence of Israel, "we have no decision to make" regarding the PLO as a participant in negotiations. After that, he said, "we might look at the problem."

He said delivery of "Hawk" missiles to Jordan, plans for which were announced last week, involved "an on-going shipment" and, in that context, he referred to the "on-going shipment" of weapons "to Israel during the reassessment" by the Ford Administration of its Mideast policy. Kissinger said the U.S. should continue to be Jordan's principal arms suppliers to help it continue what he termed its extremely moderate, restrained position.

