



daily news bulletin

Published by Jewish Telegraphic Agency 165 West 46th St. New York, N.Y. 10036

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Vol XLII - 58th Year

Monday, July 14, 1975

No. 133

RABIN MORE OPTIMISTIC ABOUT PROGRESS TOWARD INTERIM ACCORD

Stresses 'It May Take Two Days,
It May Take Half A Year'

By David Landau

JERUSALEM, July 13 (JTA) -- Premier Yitzhak Rabin, who returned to Israel before dawn today, was closeted with his Cabinet late this afternoon to report on his talks with Secretary of State Henry A. Kissinger in Bonn yesterday. Prior to the Cabinet session, Rabin briefed Foreign Minister Yigal Allon and Defense Minister Shimon Peres -- his fellow members of Israel's negotiating team -- on the outcome of his talks with Kissinger.

(Kissinger, who returned to Washington tonight was due to report to President Ford tomorrow on his European trip which included talks with Soviet Foreign Minister Andrei Gromyko in Geneva and with Premier Rabin in Bonn.)

Most observers here do not believe that any final decision will emerge from today's Cabinet meeting with regard to an interim agreement with Egypt. The Premier told reporters at Ben Gurion Airport early this morning that he was now more optimistic than before that progress toward an interim settlement could be achieved. But he stressed that the negotiations could continue for a long time. "It may take two days, it may take half a year," the Premier said.

No Pressure On Time

He stressed in fact that there was no pressure of time being exerted on Israel. He said the U.S. agreed that the negotiations could not be conducted against a deadline that the "ultimatum atmosphere" of the past two weeks has faded and the talks can now proceed at a more leisurely pace. Sources here indicated that the July 24 expiration date for the United Nations Emergency Force (UNEF) is not regarded as a deadline for an interim accord and that Egypt is expected to agree to a renewal, although whether for another three months or six month term is not certain.

Moderate optimism was expressed in Bonn following Rabin's three-hour meeting yesterday with Kissinger. American sources indicated that if clear progress is made within the next week or so, Kissinger may return to the Middle East before the end of this month or early in August. (See separate story.)

(Reports from Washington today said that the U.S., seeking to facilitate an interim agreement, was considering the possibility of American personnel to man the advance warning radar stations in Sinai after an Israeli withdrawal. But U.S. officials said there was no question of American troops being interposed between Israeli and Egyptian forces. The matter of surveillance is one of the major issues still to be resolved before an interim accord can be reached. Israel has made it clear that it preferred to retain the surveillance role and not rely on the U.S. or any third power.)

Kissinger May Resume Shuttle

Rabin told newsmen today that there were

some indications that Egypt was prepared to shift some of its positions but it remained unclear whether its new positions would be acceptable to Israel. Meanwhile, it was learned that Ambassador Simcha Dinits, who flew back with Rabin from Bonn, would return to Washington later this week with new instructions from the negotiating team. Contacts will now proceed through Washington and if they are successful Kissinger may resume the "shuttle" diplomacy he suspended last March to wrap up an accord, sources here said.

In a television interview taped in Bonn after his talks with Kissinger and broadcast here last night, Rabin said that Israel's primary aim was to reach an "understanding" with the U.S. He said it was unrealistic to imagine that American aid to Israel was not linked to the political relationship between Washington and Jerusalem. Without the establishment of a political understanding with the U.S. in the future, there would be "no point" to an interim agreement, Rabin said.

He said that Israel would need an agreement with the U.S. to ease the economic burdens of a new pull-back in Sinai. He referred to an American undertaking to supply Israel with oil to compensate for the return of the Abu Rodeis oilfields to Egypt. He said that while it was an exaggeration to say that Israel would have to build a complete new airfield to replace the one at Rifidim from which it would withdraw, the re-deployment of Israeli forces would be costly and American help would be needed to finance it.

Rabin said on the taped interview that the European Security Conference at Helsinki scheduled for the end of this month should have no bearing on the situation in the Middle East. He was referring to expressions of concern by some officials that unless the interim negotiations are concluded before the Helsinki conference, the Soviet Union, having achieved its aims at Helsinki, would try to torpedo the American-orchestrated interim talks. Rabin said he believed that the Soviets did not wish to thwart an agreement if Egypt desired one and if it entailed an Israeli withdrawal.

After a five-hour Cabinet meeting it was decided to continue with the process of "clarifications." (See separate story page 3).

ISRAELI JETS DESTROY TERRORIST ARMS FACTORY NEAR SIDON

TEL AVIV, July 13 (JTA) -- Israeli Air Force jets destroyed a terrorist arms factory near Sidon in Lebanon today. A military spokesman said the raid was carried out at 3 p.m. local time. It was the second Israeli air strike within a week at terrorist targets along the coast of southern Lebanon. The last attack -- a combination air, land and sea operation -- was carried out last Monday, three days after a terrorist bomb blast claimed 14 lives in Jerusalem. Premier Yitzhak Rabin pledged at the time that Israeli forces would seek out and destroy terrorists wherever they could be reached.

should not submit to Arab blackmail, Agmon said.

Main Problem in Britain

Halperin confirmed that in the talks on an interim agreement being conducted through the good offices of the U.S., Israel made it clear that Egypt would have to modify its economic warfare against Israel as part of the efforts to reduce tension. He said the main problem in Britain was that a number of British firms deliberately avoided doing business with Israel for fear of Arab boycott action without actually having been threatened by the Arabs. He added that when a firm stands up to boycott threats, the Arabs become more flexible and back down.

Halperin said this was the case in the banking world where most banks, with the exception of Kleinwort-Benson of London, the banks refused to bow to boycott pressures. In France, he said, a leading Franco-Arab bank is working with Jewish firms and the Arab boycott office has found a way to explain this. He said the Anglo-Israel Chamber of Commerce was seeking tougher counter-measures in this country comparable to the legislation in the United States that outlaws discriminatory practices.

Britain's long standing official position on the Arab boycott is to ignore its existence. Department of Trade officials, when consulted by British firms, say there is no reason why an firm cannot deal with both Israel and the Arabs. But they leave it up to the individual firm to decide what to do.

Call For Boycott Intensified

The Arab League Information office here put out a statement Friday justifying the anti-Israel boycott on grounds that the Allies boycotted neutral countries that did business with Nazi Germany during World War II. They also claimed that the boycott weapon was first used by Zionist settlers in Palestine early in this century when they banned the use of Palestinian labor in Jewish settlements.

Meanwhile, King Khalid of Saudi Arabia opened the sixth Islamic foreign ministers conference yesterday in Jidda with a plea for Moslem solidarity and a denunciation of Israel. According to reports today from Jidda, Syrian Foreign Minister Abdel-Halim Khaddam said he was optimistic that the 40-nation conference would approve his call for Israel to be excluded from the United Nations. A Syrian resolution to the conference also calls for Israel to keep out of all international conferences under UN auspices and urged Moslem nations to join the Arab boycott against Israel.)

ISRAEL'S NEGOTIATING TEAM TO CONTINUE TO SEEK 'CLARIFICATIONS'

By David Landau

JERUSALEM, July 13 (JTA) -- The Cabinet announced after a five-hour meeting this afternoon that it has empowered Israel's negotiating team to continue the process of seeking "clarifications" on an interim accord by contacts with Washington, and through Washington, with Cairo. Informed sources said that no differences were expressed by members of the negotiating team at today's session -- though differences could not be ruled out when the time comes to take a final binding decision, the sources said.

The negotiating team consists of Premier Yitzhak Rabin, Foreign Minister Yigal Allon and Defense Minister Shimon Peres. Some informed

sources suggested today that Peres might hold out against the final Egyptian terms. The general feeling was, however, that he would find himself in a minority with Rabin leaning toward those ministers who favored an accord.

The mood in Jerusalem was mildly upbeat following the Cabinet session at which Rabin reported on his talks with Secretary of State Henry A. Kissinger in Bonn yesterday. Informed sources said they had the feeling, for the first time, that an agreement was shaping up on the horizon, though it was still distant and substantial obstacles remained to be overcome before it was reached.

Pleased By Kissinger's Response

The government apparently was pleased by Kissinger's reported positive response to Israel's insistence that it should not be totally dislodged from the strategic Sinai passes. The hope is that a similarly reasonable response will be forthcoming from Egypt, sources said. Israel reportedly has demanded the retention of a strip of territory at the eastern ends of the Mitla and Gidi passes. But officials here would not hint at the precise delineation of the Israeli demand. They noted that Egypt has yet to present a definitive map of its own minimum demands.

Ambassador Simcha Dinitz, who attended today's Cabinet meeting, will accompany Foreign Minister Allon to London tomorrow to attend a meeting of Israeli Ambassadors there. He will return to Washington Tuesday with the latest Israeli requests for "clarifications" to present to Kissinger. Sources here noted that favorable progress has been made on U.S.-Israeli bilateral relations but problems, nevertheless, remained in that area, too.

NEW LABOR DISPUTES ERUPT

TEL AVIV, July 13 (JTA) -- A new eruption of labor disputes forced the shutdown of the petrochemical industry's plant in the Haifa Bay area this morning. A brief closure of the oil port at Ashdod took place over what the head of the local port workers' union considered a personal insult.

In Haifa, 450 petrochemical workers who have been on a work slowdown in a dispute over wages were furloughed indefinitely by management. The workers disregarded a Labor Court order to resume their normal work routine. Last week they blocked shipments of products out of the Haifa plant. Management shut the plant down today and said it might sue the employees for damages.

The dispute, which is not supported by Histadrut, began when management declined to pay the workers production bonuses called for in their contract when production exceeds an agreed quota. The management claimed that production at the plant dropped because of large decline in orders and there was no production above quotas.

At Ashdod Port, Yehoshua Peretz, the local port union leader, called a three-hour strike because he was asked for identification by a policeman guarding the dock gates. He claimed the incident was an insult to himself and all the port workers. After an exchange of vituperative messages between Peretz and Aharon Remez, director general of the Ashdod Port Authority, the latter filed a criminal complaint against the union leader.

Terrorists Retaliate; 2 Israelis Wounded

Arab terrorists retaliated this evening against the Israeli raid by launching a barrage of Katyusha rockets at the Nahariya and Rosh Hanikra regions. Two women were reportedly injured. At the same time an unidentified shell was fired at Kibbutz Malakiyeh in the upper Galilee. No one was injured. Meanwhile an Israeli army spokesman said that all planes from this morning's attack had returned safely, denying a report from Lebanon that two planes were shot down.

Yesterday, a single Katyusha rocket fired from Jordanian territory at Kibbutz Ellith, three kilometers north of Eilat, set off brush fires in the dry fields but caused no casualties or damage. The fires were put out by the Eilat fire brigade. Israeli sources believe the rocket may have been aimed at Eilat itself but fell short.

The incident was the first of its kind in the southernmost region of Israel. Some circles expressed concern that it may indicate the opening of a new phase of terrorist activity from Jordanian territory with the consent of Jordanian authorities. On the other hand, Israeli sources said, it seemed unlikely that Jordan would permit attacks in the Eilat region which is adjacent to its own highly vulnerable Red Sea port of Aquaba. The area has been quiet for several years.

RABIN-KISSINGER TALKS END
IN MOOD OF MODERATE OPTIMISM

BONN, July 13 (JTA) -- Moderate optimism was expressed here following a three-hour conference yesterday between Secretary of State Henry A. Kissinger and Israeli Premier Yitzhak Rabin and there was an indication from American sources that should clear progress be made Kissinger may revisit the Middle East for a 10-day renewal of his "shuttle" diplomacy at the end of this month or early August to wrap up the disengagement agreement.

Kissinger and Rabin said after the meeting that progress was made for an Israeli-Egyptian accord although Rabin noted that "certain difficulties" had to be overcome. One difficulty that has been reported is a proposal to have American technicians man the radar systems at Mittle and Gidi passes which are now operated by Israel to provide her with an early warning of an Egyptian attack. However, Rabin in several public statements made here before his talks with Kissinger said Israel would prefer the warning system to be manned by Israel and Egypt.

Before coming to Bonn, Kissinger discussed the Middle East situation with Soviet Foreign Minister Andrei Gromyko in Geneva on Friday. It is generally believed that Gromyko agreed to Kissinger's continued efforts to secure an Israeli-Egyptian agreement but stressed that a time limit for a return to the Geneva conference on the Mideast must be set.

On his visit to West Germany, the first by an Israeli Premier, Rabin said that people do not forget the past, but Israel, like West Germany, wanted to work for the future. He said that after a few days here he felt there was understanding and friendship for Israel in West Germany and that many things could be solved on this basis.

Rabin appeared to have established a good working relationship with Chancellor Helmut Schmidt, although both had expressed different views on the Mideast problem. The West Germans had argued that Israel should be flexible toward

Arabs while Rabin had sought to convince the Germans that for the present time Western Europe should stay out of the negotiating process between Israel and the Arab states.

CUTS IN ABSORPTION MINISTRY BUDGET

JERUSALEM, July 13 (JTA) -- The Absorption Ministry's annual budget will be cut by 8.7 percent from IL190 to IL168 million. The cut was made as part of the overall cuts in ministries budgets, and due to the slowdown in immigration. The Treasury originally asked that IL38 million of the Ministry's budget be cut, but the Ministry claimed that this would seriously harm the absorption of immigrants. It was further agreed between the Treasury and the Absorption Ministry that in case of an immigration wave to Israel, the Ministry will receive the budget from the general reserves.

Social absorption programs will not be affected by the cuts, but employment and financial aid to immigrants immediately after their arrival will be. The Ministry only recently changed the system of granting privileges to immigrants from tax exemptions and reductions to allocating sums of money to the immigrants for their free use on absorption expenses.

SOLOLY MARCUS, MAPAM LEADER, DEAD

LONDON, July 13 (JTA) -- Solly Marcus, national chairman of Mapam in Britain and a member of the Zionist Federation of Britain and Ireland, died here today. He was in his mid-50s. Mr. Marcus was born in Dublin and lived in Israel for some years. His wife and daughter live there at present. He was a spokesman for Mapam in Britain and elsewhere. He was chairman of the Zionist Federation's aliya committee, an officer of the Jewish Blind Society and for many years a member of the British Social Workers Union.

MEASURES TO BLOCK ARAB BOYCOTT
INCLUDED IN SESSIONS THAT
LED TO ISRAEL-EEC AGREEMENT
By Mark Segal

LONDON, July 13 (JTA) -- Two Israeli officials disclosed at a press conference here that measures to block Arab boycott action were included in the discussions leading up to the recently signed pact between Israel and the European Common Market countries and are also part of the ongoing negotiations for an Israeli-Egyptian interim agreement in Sinai.

Avraham Agmon, the recently appointed advisor to the Israeli government on counter-boycott measures, and Dan Halperin, an advisor to the Finance Minister specializing in that area, visited here in connection with the Anglo-Israeli Chamber of Commerce anti-boycott drive.

Agmon said that before it signed its agreement with the European Economic Community (EEC) calling for a mutual reduction of tariffs, Israel asked for measures to prevent Arab discriminatory practices. He said Israel believed such measures were in the interests of the EEC in its efforts to develop a Mediterranean free trade area. He explained that Israel's main trading partners were the Common Market, the United States and Canada which, together, accounted for 80 percent of Israel's foreign trade. Western firms, therefore, have good reason why they

EFFORT ON TO BLOCK \$350m AIR DEFENSE SYSTEM SALE TO JORDAN

WASHINGTON, July 13 (JTA) -- A Congressional effort will be made this week to block the Ford Administration's attempt to sell a modern air defense system to Jordan costing about \$350 million. The Administration announced the proposed sale in a letter to Congress Friday. Sen. Clifford P. Case (R, NJ), a member of the Senate Foreign Relations Committee, introduced legislation late Friday to bar the sale, and similar legislation is expected in the House tomorrow by Rep. Benjamin Rosenthal (D, NY) and other congressmen.

The White House letter said the U.S. plans to sell 14 batteries of "Hawk" ground-to-air missiles costing \$260 million and eight batteries of "Vulcan" anti-aircraft guns for about \$90 million. Case scored the Administration because the letter to Congress did not also say that the U.S. plans to sell Jordan about 300 shoulder-fired "Redeye" anti-aircraft missiles for about \$4 million.

Under a new law the President must inform Congress of any military sale of \$25 million or more and Congress has 30 days in which to do nothing or to block the sale. The "Redeye" missiles sale is under \$25 million but Case said Congress should have been informed of their proposed sale. He said he was concerned because they were highly portable and "might fall into the hands of terrorists in the Middle East."

The "Hawk" missile deal, which was disclosed following King Hussein's visit to Washington in May, was believed earlier to be about \$100 million. The House International Relations Committee last week had postponed a hearing on the sale until this week in order to forestall a possibly angry debate on the Mideast while Secretary of State Henry A. Kissinger was holding a series of conferences on the Middle East in Europe.

In National Interest of U.S.

The Administration's letter to Congress said the sale "would be in the national interest of the United States, strengthening Hussein's internal position and reinforcing Jordan's policies of moderation at a time when Jordan was under heavy political pressure from outside forces (including the PLO) and when the morale of its armed forces was suffering from the absence of any air defense."

The letter stressed that the sale would not alter Israel's "overwhelming military superiority" over Jordan but would give Jordan confidence in deterring an attack from anywhere enabling "it to continue its policy of moderation and of close ties to the United States."

PASS NY STATE ANTI-BOYCOTT LAW

NEW YORK, July 13 (JTA) -- The American Jewish Congress today hailed the passage last week of a bill by the New York State Legislature -- the first in the nation -- prohibiting "boycott or blacklist" directed against individuals or corporations residing or doing business in the State.

In a statement calling on Governor Hugh Carey to sign the bill into law, Jack M. Elkin, chairman of the New York Metropolitan Council of the AJ Congress, said the measure would give the State Division of Human Rights "strong enforcement powers to prevent Arab governments from imposing their prejudices on commercial and financial practices in this state."

RALLY TO PROTEST NEW SOVIET TAX

NEW YORK, July 13 (JTA) -- A symbolic "fund raising" drive will be conducted by the Greater New York Conference on Soviet Jewry July 15 as a means of denouncing the move by the USSR to extract a tax of 30 percent from all money sent abroad to Soviet citizens. The new tax was first reported last May and officially announced a week ago is due to go into effect next Jan. 1. It is anticipated that the tax will impose a hardship on Jewish activists and others in the USSR who have been deprived of jobs because of applying for exit visas and therefore have no income except the money sent from abroad.

Participants in the July 15 "fund drive" -- to take the form of a curbside collection of pennies in front of the U.S.-USSR Trade Mission in Manhattan -- will be members of constituent agencies of the Greater New York Conference and representatives of charitable and interfaith groups. Malcolm Hoenlein, Conference Executive Director, said that the monies collected on July 15 will be turned over to the USSR Trade Mission, along with a vigorous protest that the Soviet Union revoke the 30 percent tax.

FUNERAL SERVICES HELD FOR LOUIS KRAFT, 84, JWB LEADER

NEW YORK, July 13 (JTA) -- Funeral services were held today for Louis Kraft, former executive director of the National Jewish Welfare Board. He died Friday at the age of 84. In 1953, Mr. Kraft was invited by the Conference on Jewish Material Claims Against Germany and the Joint Distribution Committee to direct the planning of reconstruction and development of the surviving Jewish communities in Europe.

He first became associated with the National Jewish Welfare Board in 1917, as director of activities in military camps and communities during World War I, after having served for three years as executive director of the Bronx YM-YWHA. In 1921, he was named director of Jewish Community Center Activities, continuing in that post until 1938, when he was named to the top executive post of JWB, a position which he held until Oct. 1, 1947.

In that year, Mr. Kraft helped establish the World Federation of YMHAs and Jewish Community Centers and had been secretary of the World Federation ever since. He went to Israel in 1948 and established the Jerusalem YM-YWHA. At the request of the U.S. State Department, he helped reorganize the School of Social Work in Jerusalem in 1950. Born in Moscow, Jan. 2, 1891, Mr. Kraft was graduated from the College of the City of New York in 1912. He received the Townsend Harris Medal for notable achievement from City College Alumni Association in February, 1972. An honorary Doctor of Humane Letters Degree was conferred on Mr. Kraft by the Jewish Theological Seminary of America, Western Branch, in June 1964. The Hebrew Union College-Jewish Institute of Religion conferred a similar honorary doctorate on him in November 1971.

In 1951, Mr. Kraft was the first recipient of the Frank L. Well Award of the National Jewish Welfare Board for notable contributions to the Jewish Community Center field.