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CHANCES OF REACHING AN ACCORD WITH EGYPT ON SINAI DEPENDS ON EGYPTIAN PROMISES MADE AT ISMAILIA MEETING

By Yitzhak Shargil

TEL AVIV, Jan. 5 (JTA)--The chances of reaching an accord with Egypt over Israeli withdrawal from Sinai will depend on whether the Egyptians honor two promises made in principle to Israel at last month's summit meeting between Premier Menachem Begin and President Anwar Sadat at Ismailia, informed sources said last night.

Those promises are that the Straits of Tiran, giving access to the Israeli port of Eilat, will be declared international waters and that Egyptian forces will not advance beyond the Mittle and Gidi Passes which they presently hold.

Meanwhile, Foreign Minister Moshe Dayan revealed yesterday that the Egyptians would be ready for a separate agreement with Israel if other Arab countries refuse to join the talks between Israel and Egypt expected to begin simultaneously in Jerusalem and Cairo on Jan. 15. Speaking at Haifa Technion, Dayan said the Egyptians contend they are paving the way for other Arabs to join the talks, but should they refuse, Egypt would go it alone.

An agreement on Sinai, largely of a military nature, will be the task of the joint Israeli-Egyptian military committee due to convene in Cairo. It will meet simultaneously with the Israeli-Egyptian political committee in Jerusalem and will be chaired, on a rotating basis, by Israeli Defense Minister Ezer Weizman and Egyptian Minister of War Mohammed Gamassy.

The Egyptians have advanced no proposals about procedures yet. But they indicated that they want the talks to be held in secret at an Egyptian military base away from the presence of the news media. Israel has advised the Egyptians that it opposes this. Israel has also relayed to the Egyptians, through the offices of U.S. Ambassador Samuel Lewis, its proposals for a Sinai agreement, contingent upon the two promises made by Egypt.

See Three Sinai Zones

According to the sources, Israel would have Sinai divided into three zones. The western zone, presently held by Egypt, extends to the Mittle and Gidi Passes. The second zone will be a demilitarized region bounded on the east by a line from El Arish on the Mediterranean coast to Ras Mouhamed, south of Sharm el-Sheikh on the Red Sea.

The third zone would extend from that line to the old international border and would encompass the coastal town of Yamit and the Rafah salient which contains Israeli settlements. The latter zone, though officially under Egyptian sovereignty, would be under United Nations protection. Yamit and the settlements would remain under Israeli protection and the settlers would be subject to Israeli law.

The sources said that there was a question of Israeli military airfields in the UN-protected zone. Under the proposed agreement, these would be converted to civilian airfields for the use of the local settlers.

Expect Tough Sinai Negotiations

Dayan told the Haifa Technion audience that he expected Egyptian-Israeli negotiations on the Sinai to be tough. The Egyptians, he noted, will insist on detailed negotiations about every square yard in Sinai. However, they will not pursue the same hard bargaining about the West Bank because they do not feel themselves qualified to enter into detailed discussions, Dayan said. At the moment, in the absence of the Jordanians in the negotiating process, there is nobody to talk to about the West Bank, he said.

Dayan also stated that he expected the American representatives on the political committee would be active participants in preventing the talks from stalling or running into dead ends. "They will not hesitate to pull up their sleeves and try to bridge differences so the talks can keep on going," he said. Dayan will head Israel's delegation at the political committee talks and will be chairman of the first session, to be replaced by Egyptian Foreign Minister Mohammed Ibrahim Kaamel at the second session. Both foreign ministers will alternate as chairmen on a rotating basis.

Sadat: Settlements Must Be Evacuated

Meanwhile, President Anwar Sadat of Egypt said last evening in an interview with CBS-TV that peace with Israel will require the evacuation of Jewish settlements in Sinai. "Well, this question of settlements on the Egyptian territory is completely rejected from us. This is a final decision," Sadat said. "We can't, we can't have them. After the peace agreement is reached, we can't have settlements like this on our land."

DISPUTE OVER NEW SETTLEMENTS

By David Landau and Yitzhak Shargil

JERUSALEM, Jan. 5 (JTA)--A serious dispute has arisen in the Cabinet over Agriculture Minister Ariel Sharon's plans to establish three new Gush Emunim settlements on the West Bank and a sudden flurry of activity by the Jewish National Fund in northern Sinai where heavy equipment reportedly is levelling land for the establishment of eight new settlements in the Rafah salient.

The Democratic Movement for Change (DMC) and some of Likud's Liberal Party ministers have balked at Sharon's plans. They warned that establishing new settlements on the West Bank at this time could have adverse political effects for Israel and may prejudice the entire peace momentum.

DMC ministers reportedly have said they would invoke the clause of their coalition agreement with Likud that allows them to bring disputes over settlement policy to the Knesset's Foreign Affairs and Defense Committee for decision. But Sharon claims that the decision to establish the latest Gush settlements was made, in principle, before the DMC joined the government and therefore is not subject to their agreement with Likud.

Bull-Dozers At Yamit

Meanwhile, JNF chairman Moshe Rivlin confirmed that bull-dozers were at work in the Rafah area near Yamit but he would neither confirm nor deny that they were preparing ground for new settlements. "Whatever the JNF does is, in strict accord

with Cabinet decisions," he said. "There has been growing pressure from some quarters to intensify settlement projects in northern Sinai despite, or possibly because, the government is prepared to restore that region to Egypt under the terms of a peace treaty."

The situation may have been discussed at Tuesday's special Cabinet meeting. But since the Cabinet sat as a ministerial defense committee, its deliberations are secret by law and there is only speculation as to what might have been discussed.

Meanwhile, the Housing Ministry is continuing to advertise for new settlers at Yamit, the coastal town in northern Sinai, and reports a growing response despite the possibility that the area will eventually come under Egyptian sovereignty. Last night the local population selection committee approved 15 new families for settlement at Yamit. Five families will buy flats there and the others will rent. Critics say, however, that this is no time for the government to be encouraging settlement in a region where the future is uncertain.

(In Washington, State Department spokesman Tom Reston said today that the U.S. Embassy in Tel Aviv is checking reports of the use of bulldozers in northern Sinai but "it is not clear what is going on" there. Asked about reports of new Israeli settlement activity on the West Bank, Reston said the U.S. had no evidence that Israel was establishing settlements there "beyond those already planned." He added that there was no change in American policy on the issue of Israeli settlements on the West Bank. "We consider such settlements in contravention of our policy," he said.)

EUROPEAN PARLIAMENT LEADER PRAISES ISRAEL'S PEACE PLAN; BEGIN CRITICAL OF EUROPEAN ECONOMIC COMMUNITY ROLE By Gil Sedan

JERUSALEM, Jan. 5 (JTA)--Emilio Colombo, President of the European Parliament, praised Israel's peace plan at a press conference here yesterday as "a very important contribution in spirit, as well as in content, to the Mideast negotiating process." He added, however, that in the view of the European Parliament, "the reality of the Palestinian existence must be taken into full account" in the course of negotiations.

Colombo, who is visiting Israel, was briefed by Premier Menachem Begin on the latest Middle East developments. Begin tried to impress upon his guest that Europe must let Israel and Egypt conduct their negotiations without outside interference and unnecessary statements.

In that connection, he sharply criticized the recent statement by the European Economic Community (EEC) favoring Israel's withdrawal to its 1967 borders. Begin claimed that was a "distortion" of UN Security Council Resolution 242. He said that if the European countries could not support his peace plan in the same way as the U.S., "they should at least be neutral."

Colombo told newsmen here that the European Parliament's most intensive contact with other parliaments overseas, apart from the U.S. Congress, was with the Knesset. He announced that a two-tier dialogue on political and agricultural issues will be held between the European Parliament and the Knesset next November in Jerusalem.

REVEAL CAPTURE OF TWO TERRORIST GANGS ON EVE OF SADAT'S VISIT TO ISRAEL

By Yitzhak Shargil

TEL AVIV, Jan. 5 (JTA)--Security sources revealed today the apprehension of two terrorist

gangs shortly before Egyptian President Anwar Sadat's historic visit to Jerusalem last November. Three other terrorist cells were also uncovered on the West Bank recently, the sources said.

They said that two days prior to Sadat's arrival, a five-member gang was detected crossing the Jordan River on a sabotage mission inside Israel. All were captured, after pursuit, near Kibbutz Na'aran in the Jordan Valley. They were identified as members of the Iraqi-sponsored Arab Liberation Front.

Four days earlier an explosion rocked a house in the Old City of Jerusalem resulting in the death of one terrorist and the capture of three others, two of them young women school teachers. The terrorists had been preparing a large suitcase bomb which was to have been placed on a Jerusalem-Tel Aviv passenger train timed to go off at noon the next Sunday.

The gang was reportedly responsible for several terrorist acts last year, including a bomb explosion in the Old City on May 28 which injured a German tourist and two local residents and another bomb, concealed in a watermelon, that exploded near Jaffa Gate in Jerusalem on Aug. 27 but caused no casualties or damage.

An army spokesman reported that an El Fatah terrorist cell believed responsible for several Molotov cocktail attacks on Israeli military vehicles, was uncovered recently at a refugee camp near Jenin on the West Bank. Another gang, associated with the Syrian-sponsored Al Saika, was arrested in the same area in possession of arms and explosives. Other arrests in the Jenin area included 31 members of a gang linked to the Popular Front for the Liberation of Palestine. They were apprehended at El-Yamun village while reportedly planning a series of attacks.

URI BEN ARI SUBMITS RESIGNATION AS ISRAEL'S CONSUL GENERAL IN N.Y.

NEW YORK, Jan. 5 (JTA)--The Consul General of Israel in New York, Uri Ben Ari, disclosed today that he submitted his resignation to Foreign Minister Moshe Dayan effective June 30, 1978, four months earlier than the normal expiration of his tour of duty here. Ben Ari noted at a press conference at the Consulate this morning that he is not a permanent member of the Israeli diplomatic corps but is "serving in my present capacity as Consul General of Israel in New York under a special contract which was due to expire on Nov. 2, 1978."

He said that "various reasons contributed to my decision to shorten my term of duty and on Nov. 2, 1977 I submitted my formal resignation to Foreign Minister Moshe Dayan effective June 30, 1978. My resignation was acknowledged by him on Nov. 9, 1977."

Ben Ari, who has served in his post for two-and-a-half years, said, "My accomplishments in New York are the direct result of the coordinated effort of the entire staff of the Consulate General of Israel and to my colleagues I offer my deep and heartfelt gratitude. I conclude by saluting a proud and strong Israel and the great American Jewish community." He added, "may it be possessed of strength, unity and vision."

Streamlining Diplomatic Missions

It was reported from Jerusalem, meanwhile, that the Foreign Ministry is currently considering ways to cut down the size of Israeli diplomatic missions in the United States, specifically the Mission to the United Nations. The reason given was that the UN Mission functions at full capacity only part of

the year. It was suggested that during the months when the General Assembly is in session, the Permanent Delegation to the UN which functions in conjunction with the Consulate General in New York, would be strengthened by special emissaries from Israel.

Two ranking Foreign Ministry officials from Jerusalem, Ephraim Evron, Director General of the Ministry and Yisrael Gur Arye, his deputy, are presently in Washington to study various options for carrying out the re-organization of Israeli diplomatic missions in the U.S.

CARTER VISITS CEMETERY AT OMAHA BEACH; STANDS WITH HEAD BOWED BEFORE TOMB TOPPED WITH STAR OF DAVID

By Edwin Eytan

PARIS, Jan. 5 (JTA)--President Carter today visited the Saint Laurent Cemetery at Omaha Beach where dozens of Jewish GIs are buried. The President stood with bowed head before a tomb topped with a Star of David in which a 23-year-old Jewish boy from New York, a former member of the 29th Infantry Division, is buried.

The cemetery archives reveal a large proportion of Jews served in the 1st and 29th Infantry Divisions which stormed the Normandy coast's Omaha Beach on the "longest day" of 1944--D Day. Nine thousand former American GIs are buried in the Saint Laurent Cemetery where Jewish chaplains regularly recite kaddish for the fallen.

The President visited the cemetery here this morning on the second day of his state visit to France. He spent long moments looking at the mass of tombstones and afterwards climbed the hill on which hundreds of U.S. troops died while pressing towards the city of Bayeux.

On his way back to Paris, the President held his second political talk with French President Valéry Giscard d'Estaing. French and American spokesmen said later that the Middle East was the major subject discussed. Secretary of State Cyrus Vance and French Foreign Minister Louis de Guiringaud attended the talk which took place on the train to Paris and lasted nearly two-and-a-half hours.

Agreement On Three Basic Points

A French spokesman said Carter explained in detail his position and informed Giscard of his recent meeting with Egyptian President Anwar Sadat in Aswan. The French said Carter and Giscard agreed on three basic points:

- * The need for "a global settlement" and not for a separate Israeli-Egyptian peace.

- * The importance of having "a declaration of principles" at the start of the forthcoming talks due to open in Jerusalem on Jan. 15. In that connection, the French said Carter reiterated, with emphasis, his conviction that such a declaration, adamantly opposed by Israel, could enlarge the talks and bring other Arab leaders such as King Hussein of Jordan to join them.

- * The need for Israeli "flexibility" to turn the talks into a success. The French said the President used the word flexibility, on several occasions during the meeting.

French spokesmen, moreover, said Giscard and Carter might launch a joint appeal for peace in the Middle East tomorrow before Carter leaves for Brussels. American spokesmen were not immediately available for comment. The French sources said Giscard told Carter that the talks could be enlarged to include the Jordanians and, possibly even the Syrians; if Israel would be prepared to make some

concessions on the Palestinian issue and the future of the West Bank.

Carter leaves Paris tomorrow for Brussels where he will meet with leaders of the European Economic Community (EEC) as well as with NATO commanders. The American sources said he will brief Congress on his talks shortly after his return. The sources said he will also inform the American Jewish community of the gist of his recent talks with Middle East leaders.

LOUIS HORWITZ DEAD AT 69

NEW YORK, Jan. 5 (JTA)--Louis D. Horwitz, former director general of overseas operations of the Joint Distribution Committee, died yesterday in Jerusalem, it was reported here by Donald M. Robinson, president of the JDC. He was 69. Horwitz emigrated to Israel after his retirement from the JDC in 1974 and continued to work with the elderly in deprived areas of Jerusalem. He was a recipient of the Israeli Ministry of Welfare's prestigious Hazani Award in recognition of his innovative contributions to the care of the aged.

A native of Cleveland, Horwitz was educated at Case Western Reserve University and at the New York School of Social Work. He joined the JDC staff in 1946 and served subsequently in Italy, Tunisia, Paris, Geneva and Israel. In Italy he helped speed the flow of displaced persons and concentration camp survivors to Israel and other countries. In 1950 he was appointed JDC director for Tunisia where he administered a broad range of health, education and welfare programs.

In 1953 Horwitz was transferred to Paris and appointed director of the JDC's department of emigration. When the department was merged with HIAS in 1954 he was named director of European and North African affairs for HIAS. He rejoined the JDC in 1957 as director for Israel and, for the next five years, directed the JDC's Malben program there. He was appointed director general of overseas operations in 1967 and served in that post until his retirement.

RABBI IN U.S. DELEGATION RETURNING CROWN TO HUNGARY

WASHINGTON, Jan. 5 (JTA)--Rabbi Arthur Schneier, president of the Appeal of Conscience Foundation and spiritual leader of the Park East Synagogue in New York, is a member of the Presidential delegation to the ceremony commemorating the return of the Crown of St. Stephen in Budapest, Hungary. The delegation left Andrews Air Force Base today on a Presidential plane with the 1000-year-old crown and other coronation regalia.

The delegation, headed by Secretary of State Cyrus Vance, will hand over the crown, symbol of Hungarian sovereignty, at a ceremony tomorrow in the Hungarian Parliament. Afterwards, the delegation will be received by the President of Hungary, Pal Losonczy. The crown has been safeguarded by the United States since the end of World War II.

Schneier, who was born in Vienna and lived in Hungary during the Nazi era, has lead several Appeal of Conscience Foundation missions to Hungary since 1966 in an effort to strengthen ties with religious communities there.

The Presidential delegation will leave Budapest on Saturday morning. Because of the Sabbath, the State Department made arrangements for Schneier to return on Sunday.

HOUSE GROUP WARNS THAT U. S. ARMS SALES TO ARAB COUNTRIES COULD INTENSIFY INTER-ARAB CONFLICTS

WASHINGTON, Jan. 5 (JTA)--American military sales to Iran during the last fiscal year amounted to some \$5 billion while arms sales during the same period to Saudi Arabia was around \$1 billion, according to a report released by a House International Relations Committee survey team which made a month-long visit a year ago to a number of Middle East countries to study the impact of American arms sales to that area.

The report warned that the extensive and sophisticated military hardware in the area would intensify conflicts that could erupt between Arab states in the region if a settlement of the Arab-Israeli dispute allowed old intra Arab conflicts to re-emerge.

The report noted that while states such as Saudi Arabia or Kuwait could not be considered a threat to Israel, "equipment being sold in the Persian Gulf could, under certain circumstances be transferred or used in Middle East hostilities." Forecasting that there will be increasing pressures for the United States to sell arms to some of the small states in the lower Persian Gulf region over the next few years, the report stated:

"Large and well-publicized sales to Iran and Saudi Arabia have helped make American equipment significant prestige items and a major policy focus for the leaders of other states in the area. States often want to emulate, if not balance, the military equipment and services purchased by their neighbors."

The states the House team visited were the Yemen Arab Republic, Ethiopia, Oman, United Arab Emirates, Bahrain, Kuwait, Iran and Saudi Arabia. In its report, the team said important issues were raised by the way the Defense Department surveys of local military establishments often determined the extent and nature of U.S. arms sales. It said the surveys tended to be regarded by some states as a blueprint of equipment and services available "as well as a bridge to a relationship with the United States, often, in their view, tantamount to a quasi-security treaty."

AJ CONGRESS RAPS CALENDAR WHICH SHOWS THE OLD CITY OF JERUSALEM IN JORDAN

NEW YORK, Jan. 5 (JTA)--The American Jewish Congress has called on the Borg-Warner Corporation to withdraw from circulation its 1978 "world travel and recipe calendar," which places the Old City of Jerusalem in Jordan and credits Suleiman the Magnificent, Sultan of Turkey in 1542, with building the "Wailing Wall."

Phil Baum, director of the AJ Congress Commission on International Affairs, charged the company with a "startling distortion of political fact and rewriting of modern and Biblical history." He called the calendar a "gratuitous affront to the State of Israel and indeed to all Jewish shareholders and customers of the Borg-Warner Corporation."

The calendars, which contain recipes and scenes from various countries around the world, were sent to clients of Borg-Warner's York Division as a token of the holiday season. The photo accompanying the calendar for December 1978 shows a view of the Old City of Jerusalem as seen from Mt. Scopus.

"If the authenticity of the descriptive texts are indicative of the accuracy of the adjoining recipes, one would be well-advised not to dine at the table of a Borg-Warner chef," Baum said,

adding: "The fact is that Jerusalem, the united city, incorporating both its old and new parts, is the capital of the State of Israel. It is assuredly not located in Jordan."

Baum stated that "a minimum of research would have revealed that the so-called 'Wailing Wall,' a term which is inaccurate and offensive to most Jews, is not part of the wall that rings the Old City but actually stands inside below the Temple Mount. Properly referred to as the Western Wall, the structure is the remaining section of the wall constructed by Herod (37-4 B.C.E.) to surround and protect the Second Temple...and is a site sacred to the Jewish people."

Baum demanded that the company withdraw its calendar "at once and substitute a corrected page for the December 1978 entry. The material as it stands is crudely biased and offensive."

BATSHEVA DANCERS, PANOVS ON U. S. TOUR

SAN FRANCISCO, Jan. 5 (JTA)--Israel's internationally acclaimed national dance troupe, the Batsheva Dance Company, featuring guest artists Galina and Valery Panov, will make their first major tour of the United States this spring on the occasion of Israel's 30th anniversary in May, it was announced here by two San Francisco-based companies, Morning Sun Productions and Jane Bloom Enterprises.

The tour has been arranged by the two companies and assisted by the Consulate General of Israel offices, local organizations and 30th anniversary committees in each of the cities where the tour is scheduled, according to the announcement. The tour will begin in San Francisco-Oakland May 6 and 7.

Other cities that have been set presently include Sacramento, May 10; Los Angeles, May 11, 13; 14; Chicago, May 17 and 18; Atlanta, May 20, 21; and Boston, May 23, 24. Additional dates and cities will be announced shortly.

The Batsheva Dance Company was founded in 1963 by the Baroness Batsheva de Rothschild and personally trained and supervised by Martha Graham. Its frequent tours throughout the world have won the company critical and public acclaim as well as many prizes and citations.

In the world of dance, the Russian-born Panovs have also achieved international acclaim. Now Israeli citizens following their famous and much heralded fight for freedom--the full account of which will be published in Valery Panov's book, "To Dance," (Knopf Publishing, New York, \$12.95) to be released this spring--Galina and Valery have danced with some of the most prestigious dance companies in the world.

BOOK EXHIBITION AT HEBREW UNIVERSITY

By Gil Sedan

JERUSALEM, Jan. 5 (JTA)--Books on America and the Holy Land are currently on exhibition at the Jewish National and Hebrew University Library in Jerusalem. On display is the entire collection of the 72 books in a reprint series published by Arno Press, a New York Times company, in conjunction with the American Jewish Historical Society and the Hebrew University Institute of Contemporary Jewry.

One of the exhibits is a display case containing six books on connections between Egypt and Palestine at the turn of the century. The book series features studies and travel accounts by noted Christians and Jews--archaeologists, historians, American consuls and settlers.