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FIRST ISRAEL NAVY SHIPS PASS

THROUGH SUEZ CANAL

By Yitzhak Shargil

TEL AVIV, May 29 (JTA) -- Three Israeli landing craft passed through the Suez Canal today en route from Eilat to Ashdod. The vessels, painted a sparkling white and flying flags from stem to stern are the first units of the Israel Navy ever to use the waterway. They received a warm reception from the Egyptians.

The Egyptian canal pilot who boarded at Port Suez, at the southern entrance to the canal, presented a bouquet of flowers to the Israeli commander aboard the flagship, Ahziv. The other landing craft are the Ashkelon and Ashdod. They were given the place of honor at the head of a 40-ship northbound convoy and as they moved slowly through the canal, the Israeli sailors on deck in their summer white uniforms got rousing cheers from the throngs along the canal banks. Although the ships were forced to anchor in the Bitter Lakes while a southbound convoy passed, they were due at Port Said on the Mediterranean at midnight tonight and will dock at Ashdod tomorrow.

IRAN'S FOREIGN MINISTER

ASSURED KLARSFELD JEWS HAVE

'NO REASON TO WORRY'

PARIS, May 29 (JTA) -- French lawyer Serge Klarsfeld reported from Teheran yesterday that he was assured by Iranian Foreign Minister Ibrahim Yazdi that "there was no reason for worry in the case of Iran's Jews." Klarsfeld flew to Iran last week to intercede on behalf of Jewish political prisoners there and to investigate the execution on May 9 of Habib Elkanian, a Jewish community leader.

He reported on his talks with Iranian officials in a message to his wife, Beate, who made it public here last night. The Klarsfelds have been instrumental in tracking down Nazi war criminals. Klarsfeld said in his message that "Dr. Yazdi told me that there would certainly be no trials of Jews or non-Jews simply because they had ties with Israel. But it is possible that Jews or non-Jews who are being tried for their ties with the Shah's criminal regime could also face charges for their ties with Israel if these came within the framework of the special relations between Israel and the Shah's regime," Klarsfeld reported, quoting Yazdi.

Conditions Explained

He said that Yazdi explained "special" ties with Israel was cause for trial because of that country's policies toward the Palestinians and its alleged police cooperation with the Shah. Yazdi said he would produce proof that the Shah's secret police, Savak, was trained by the Israeli secret service Mossad, which makes Israel "part of the Shah's criminal system." But Yazdi also said, according to Klarsfeld, that "there are no worries to have for the Jewish community even though it had a tendency to give the Shah too much support ... and this despite warnings from the revolutionaries." The Foreign Minister also said that those who worked for Israeli firms in Iran or visited Israel; or Jews

who have gone to Israel and wish to return have nothing to fear as long as they were not part of the "system." Klarsfeld interpreted that as meaning people who had the highest ranking positions.

Treatment Of Elkanian Family A Test

Klarsfeld said that a test of whether the new Iranian regime is inclined toward a lenient policy will be its treatment of Elkanian's family -- his son, daughter-in-law and their three children -- whose home was taken from them. Until now, they have been prevented from leaving for France, he said. Klarsfeld also reported on his conversation with the Iranian Minister of Justice, Assadollah Mobarari with whom he had lodged a strong protest against the execution of Elkanian. He said Mobarari insisted that Elkanian had not been tried by a regular court and that his trial was not the prelude to a series of trials of members of the Jewish community.

Klarsfeld also presented a message of protest to an aide to the Ayatollah Ruhollah Khomeini but was unable to meet with Khomeini. The latter sent word that he would receive the French lawyer on June 2 but could not last Sunday when Klarsfeld was in the Moslem holy city of Qum. Khomeini's headquarters. He said the message he left for Khomeini pointed out that all Jews had ties with Israel because it was the existence of Israel that prevented a repetition of the horrors of the Holocaust. Khomeini replied, Klarsfeld said, by reiterating his earlier statement that Elkanian was "not judged as a Jew but because he was part of the Shah's criminal system," to which Klarsfeld responded that he was unable to find any proof that Elkanian was part of the past system inasmuch as his trial was held in secret.

CABINET-MAJORITY APPROVES

BUDGET PARED BY IL 6.9 BILLION

By Gil Sedan

JERUSALEM, May 29 (JTA) -- The Cabinet voted 13-1 today to approve a budget slashed by IL 6.9 billion from the one originally submitted by Finance Minister Simcha Ehrlich. The vote came after a series of exhausting debates over the economy during the past several weeks. Only Agriculture Minister Ariel Sharon was opposed.

Ehrlich revised his five-year economic program four times in two weeks in an effort to accommodate the objections of his colleagues. The program is intended to curb runaway inflation which, according to the most optimistic view, will soar to a rate of 60 percent this year. The idea is to reduce government spending in the short term and freeze civil service hirings over a long term. Many ministers claimed Ehrlich's plan would put the greatest burden on the poorest section of society and were loath to accept major cuts in the budgets of their respective ministries.

That issue is still the subject for negotiations between the Treasury and each ministry. Education Minister Zevulun Hammer of the National Religious Party, has threatened to resign if his budget was reduced. Deputy Premier Yigael Yadin said he would step down as chairman of the ministerial committee on social services if those services were cut.

Premier Menachem Begin and Defense Minister Ezer Weizman supported Hammer against further trimming of the education budget. Weizman said he would be willing to see IL 100 million taken from the defense budget if it was transferred to education. Yisrael

Katz, Minister of Labor and Social Betterment, insisted that cuts be made "in a progressive way." He said "one should not ask the weaker part of the population to carry the same burden, perhaps a heavier burden, than the groups that are better established."

FIRST NEO-NAZIS BROUGHT TO TRIAL FOR TERRORIST ACTIVITIES

By Alfred Schroeder

BONN, May 29 (JTA) -- A West German court has opened criminal proceedings against six neo-Nazis accused of establishing a terrorist organization as well as committing individual crimes. It is the first time in legal history that the chief federal prosecutor has pressed charges against neo-Nazis or right-wing extremists for terrorist activities.

The defendants are former army Lt. Michael Kuehn, 24, described as the "brains" behind the gang which calls itself the "Werewolf Underground Organization." He was discharged from the military for neo-Nazi activities; Lothar-Harold Schulte, 26, a former non-commissioned officer; Lutz Wegener, 22; Uwe Rohwer, 42; Klaus Dieter Puls, 37; and Manfred Boem, 29. All are former members of the new Nazi Party in north Germany, said to have a membership of 200. They are charged, among other things, with raids and burglaries to obtain arms and money to finance terrorist attacks.

Trial Conducted In Prison

The High Court of Celle in north Germany is conducting the trial behind the walls of Bueck-burg prison as a security precaution. It fears that other neo-Nazis may try to free the defendants or commit acts of violence against the court or the jurors. According to the prosecutor, the "Werewolf" gang had detailed plans to raid German Army and NATO installations and to bomb the Berlin wall. The indictment charges them with an attempted attack on a British forces broadcasting service transmitter in north Germany. Plans were also found to free Hitler's former deputy, Rudolf Hess from Spandau prison where he is serving a life sentence, to attack East German border guards and to attack the memorial at the former Bergen-Belsen concentration camp. Members of the gang were instructed to raid arms shops and banks as a test of their "courage," the charges said.

Schulte and Wegener are accused in addition of raiding the guard room at an army barracks to steal a submachinegun. Later they broke into a Cologne apartment and made off with two rifles, jewels and cash worth 60,000 Marks. In December, 1977, they broke into an army ammunition depot and stole 1000 rounds of ammunition. Two weeks later, they robbed a Hamburg bank of 60,000 Marks in cash. Schulte and Wegener, along with Rohwer, Puls and Boem attacked four Dutch NATO soldiers at a training camp in February, 1978 and stole their submachineguns and ammunition. The trial is expected to last 25 days during which several dozen witnesses will be heard.

KUZNETSOV SAYS RECENT DEVELOPMENTS MAKE HIM HOPEFUL FOR SOVIET JEWS

By Lisa Palmieri-Billing

ROME, May 29 (JTA) -- Eduard Kuznetsov, the Soviet Jewish activist who immigrated to Israel last month after nine years in a Soviet labor camp, said yesterday here he is hopeful for Soviet Jews because of the freeing of Jewish "Prisoners

of Conscience" and the increased emigration of Jews in recent months. "The USSR's economy has reached an impasse and needs the Western economy and know-how," he told the Jewish Telegraphic Agency following the conclusion of a two-day meeting of the Presidium of the Brussels Conference for Soviet Jewry. He noted that the Soviet Union is trying to "present an acceptable self-image as a humanitarian country that is no threat to the West."

Kuznetsov stressed that freedom of movement between countries is "a basic human right." He said that while "Jews would like to see all borders open to everyone," they are fighting specifically for Jewish emigration "because we don't have the strength to fight for everyone. If enough democratic forces the world over joined our fight we would only be too happy to join them too."

Dulzin Credits Jackson-Vanik For Improvement

During the two-day meeting, Leon Dulzin, chairman of the World Zionist Organization and Jewish Agency Executives who presided over the conference, also pointed to the approximately 4500 Jews that have been emigrating from the USSR every month, an estimated 50,000 by the end of 1979. "The tremendous effect of the Jackson-Vanik Amendment to the foreign trade bill in the United States... has contributed in compelling the Soviets to soften their attitude," he said. Dulzin stressed the importance of keeping the situation of Soviet Jewry before the public as insurance for additional freedom for Soviet Jewry. While the delegates took note of the increase in emigration and the report by Robert Hawke, president of the Australian Council of Trade Unions, that Soviet officials promised the easing of emigration restrictions and the freeing of Jewish "Prisoners of Conscience," they noted that 16,000 affidavits are sent to Soviet Jews each month and only 4500 of them receive visas and the long wait, up to 10 years. The Presidium said the Soviet Union could prove its good will by granting these people visas immediately.

FLATTO-SHARON FACES TRIAL FOR ELECTION FRAUD

By Gil Sedan

JERUSALEM, May 29 (JTA) -- Attorney General Yitzhak Shamir confirmed today that he intends to prosecute MK Samuel Flatto-Sharon for abuses of the election law during his campaign for the Knesset in 1977. Two of his aides, Jacques Ben-Odis and Yaacov Halfon, will also be charged.

The charges culminate a two-year investigation of allegations that the former French millionaire wanted in France for tax evasion and fraud, literally bought votes to secure a seat in the Knesset. His election came as a surprise second only to the Likud victory in 1977. Shamir said he would ask the Knesset House Committee to waive Flatto's immunity so that he can stand trial. The committee is empowered to do so in cases where criminal charges are brought against a member.

Flatto said today that the decision to press charges was a surrender to the Lynch atmosphere created by his enemies. He said he would not resign from the Knesset unless a court found him guilty. His aides claim they only paid election workers for activity on Flatto's behalf, something all candidates do. According to Ben-Odis, "the whole thing is a joke of the year."

TEL AVIV (JTA) -- Britain's Championship Liverpool soccer team has just paid Tel Aviv's Maccabi club IL 10 million (\$400,000) for one of its best players, 21-year-old Avi Cohen. Cohen played a test game with the Liverpool squad in England last month and they decided that the dark-haired Israeli youth was well worth the price.

STATE DEPARTMENT CONFIRMS SAM MISSILES IN LEBANON

WASHINGTON, May 29 (JTA) -- The State Department confirmed today that Soviet-made SAM anti-aircraft missiles are in place in Lebanon near the Syrian border but their number and purpose were not disclosed. Department spokesman Tom Reston said the missiles are "an old story." He said "there is no indication they have been moved southward (away from the Syrian border) or that their number has increased."

Reston was unable to say who placed the missiles in Lebanon. Asked if they might be used against Israel in the event of Syrian-Israeli warfare, he replied that he had "no military judgement to offer." (By Joseph Palakoff)

ISRAELI FISHING FLEET BARRED FROM EL ARISH WATERS

TEL AVIV, May 29 (JTA) -- An Israeli fishing fleet of 20 trawlers is a casualty of the Israeli-Egyptian peace treaty that returned the town of El Arish and adjacent waters to Egyptian sovereignty last Friday. The Navy has informed the fishermen that they can no longer operate within 100 kilometers of El Arish, including the rich fishing grounds of the Bardawil Lagoon, which Egypt has claimed as territorial waters.

The trawlers are not equipped for deep-water fishing and the fleet will have to be disbanded. The Ministry of Agriculture is expected to subsidize imported fish to replace the Sinai catch.

The settlers of Neot Sinai, just south of El Arish, also got some bad news over the weekend. Premier Menachem Begin told reporters that he was unable to persuade President Anwar Sadat to allow the settlers to continue cultivating their vegetable fields which are in the area returned to Egypt. "President Sadat said this would be difficult and we must accept this announcement, to my regret," Begin said.

ISRAELI PROF. HELD AS TERRORIST COURIER By Yitzhak Shargil

TEL AVIV, May 29 (JTA) -- Dr. Uri Davis, an Israeli college professor who has been teaching abroad, was remanded to prison for eight days by a Jerusalem magistrate Friday pending investigation of allegations that he was acting in the service of El Fatah, the terrorist arm of the Palestine Liberation Organization. Davis, 36, who has been a lecturer at Bradford University in England, was arrested on his arrival at Ben Gurion Airport Thursday evening from London.

The thin, bespectacled, bearded academician has been an outspoken advocate of the Palestinian cause and a critic of Israeli policies. According to police, a warrant for his arrest was issued as a result of a statement made by a suspected terrorist ringleader, Mohammed Mounir Shehade, who was captured recently. Shehade reportedly said under interrogation that Davis was acting as a courier for El Fatah, bringing money for the publication of a newspaper in East Jerusalem. The money was supplied by El Fatah's chief of operations, Halil-el Wazir, also known as Abu Ayad.

Davis has refused to cooperate with the police. He told the magistrate that the allegations against him were "a total lie and each of the details are a lie." Beyond that he refused to make any comment except that the police were treating him "correctly." The police presented the judge with copies of Shehade's testimony and urged a remand of 15 days. Davis apparently

expected to be arrested as soon as he landed in Israel. His attorney, Leah Tzemel, was at the airport. Tzemel has defended many terrorist suspects in Israeli courts.

CARTER SAYS U.S. WOULD SUBMIT AUTONOMY PROPOSALS ONLY TO BREAK ISRAELI-EGYPTIAN 'DEADLOCK'

WASHINGTON, May 29 (JTA) -- President Carter stressed today that the United States would make its own proposals to Egypt and Israel on autonomy for the West Bank and Gaza Strip only if necessary to "break a deadlock" or suggest a compromise. Asked at a press conference late today whether it was not "incumbent" on the U.S. to make its own proposals, Carter said it would be "counterproductive" for the U.S. to "pre-empt" the negotiations on autonomy now going on between Israel and Egypt.

"We have never been reticent about putting forth ideas," Carter said, adding that this is what both Israel and Egypt want. But he said the same policy would be followed as at the Camp David talks in which the American proposals would be made only after Israel and Egypt have discussed their own views and cannot reach an agreement. The President said the U.S. has "never espoused an independent Palestinian state" and said to make such a proposal would hurt the negotiations. Carter added that he spoke by phone with Israeli Premier Menachem Begin and Egyptian President Anwar Sadat over the weekend and with Secretary of State Cyrus Vance today and they all were "excited" not only at the progress so far but at the "attitude" of Egypt and Israel toward future steps for peace.

On another issue, Carter said he hoped "the report is true" that the Soviet Union plans to release the 12 remaining Soviet Jews still in prison, including Anatoly Shcharansky, but he doesn't have any information on it. He said all he knew is what he read in the newspapers about the pledge made to Robert Hawke, president of the Australian Council of Trade Unions. Hawke was told by Soviet officials in Moscow last week that the USSR would ease emigration restrictions and will release the 12 Jewish Prisoners of Conscience.

ISRAELI GENERAL CHARGES U.S. DIPLOMATS ASSURE WEST BANKERS THEY WILL GAIN THEIR GOALS By David Landau

JERUSALEM, May 29 (JTA) -- Gen. Danny Matt, military coordinator on the West Bank, told a Knesset committee yesterday that American diplomats attached to the U.S. Embassy in Tel Aviv and the Consulate in Jerusalem are assuring West Bank Arabs that "eventually they will get what they really want." According to Matt, who appeared before a closed session of the Knesset's Foreign Affairs and Security Committee, the American diplomats meet frequently with West Bank leaders urging them to join in the autonomy talks between Israel and Egypt.

He also reportedly said that Quaker charitable organizations based in the U.S. and working on the West Bank consistently supplied funds for legal action brought by local Arabs against expropriation of their lands. He also claimed that sizeable funds were flowing into the West Bank from Arab reactionary states, channeled to extremist elements and intended to make them independent of Israeli largesse.

Matt's remarks were leaked to the media, causing committee chairman Moshe Arens to scold Knesset correspondents today for publishing material that could prejudice national security. The newsmen countered that if the matters reported by Matt had not been squelched by the military censors, there would be no security threat.

ISRAELI-EGYPTIAN BORDER IS OPEN**BUT NOT FOR TOURISTS -- YET**

By David Landau, Yitzhak Shargil, Gif Sedan

TEL AVIV, May 29 (JTA) -- Israel's travel industry went all out in promoting tours to Egypt in the aftermath of Sunday's announcement by Premier Menachem Begin and President Anwar Sadat that the borders between the two countries are open "as of now."

But the numerous travel agencies and tour wholesalers who ran enticing ads in newspapers may have taken the declaration at El Arish too literally or, at any rate, are premature. While the ads implied that travel between Israel and Egypt was almost immediately available, they carried in very small print, "subject to government approval."

Interior Ministry officials indicated yesterday that considerable preparations were necessary before the borders could be open to the normal movement of civilians. "In fact, it is quite clear that the first to go will be government officials whose task will be to speed up the process of normalization between the two countries," Interior Minister Yosef Burg told reporters. In Cairo, where Egyptian tour operators were also reported gearing up for the long anticipated two-way tourist travel, Prime Minister Mustapha Khalil told reporters that while officially the borders are open, in practical terms it will take some time before all bureaucratic problems are straightened out.

Selective Travel Expected Initially

Nevertheless, Israeli travel agents had no trouble making telex contact with their Egyptian counterparts, ordering hotel rooms, guided tours, buses and even landing rights for charter planes.

It is believed that despite the ringing declaration of open borders, Israel will be selective in the immediate future as to who and how many of its citizens will be permitted to visit Egypt. There are two reasons: one is a desire to keep the Israeli profile low in Cairo, at least for the time being. The other is the serious shortage of hotel rooms in the Egyptian capital. Israel will issue permits for travel to Cairo only if the applicant furnishes proof that he or she has accommodations there.

An initial step to any mutual crossings of the border will be a visa agreement that must be negotiated between the two countries. It is understood that this will be one of the subjects Foreign Minister Moshe Dayan will discuss when he visits Cairo next Monday. As long as there are no diplomatic missions representing Israel and Egypt respectively, visas will have to be issued by the missions of third countries acting as proxy.

Scientific Cooperation Gains

If tourism is delayed by several months, scientific cooperation between Israel and Egypt may be nearer at hand. Prof. Hassan Hamdi Ibrahim, vice president of Cairo University who accompanied Sadat to Beer Sheva Sunday, responded enthusiastically to the proposal by Yosef Tekoaht, president of Ben Gurion University, that Israel and Egypt establish a \$100 million fund to finance a decade of cooperation in desert research.

Meanwhile, it was learned that Deputy Premier Yigael Yadin, a world famous archaeologist, will visit Egypt beginning June 10 to explore Egyptian archaeological treasures from which he has been cut off for 30 years. Egyptian Defense Minister Kamal Hassan Ali will return Israeli

Defense Minister Ezer Weizman's visit to Egypt, by making a good-will visit to Israel shortly. He will be the first Egyptian minister to do so.

GEORGES DAYAN DEAD AT 84

PARIS, May 29 (JTA) -- Georges Dayan, a close associate of French Socialist leader Francois Mitterand and a long-time friend of Israel and Jewish causes, died here yesterday at the age of 84. Dayan, a lawyer, was born in Oran, Algeria, and was a friend of Mitterand since their student days at law school in Paris in the 1930s. He was Mitterand's Chief of Cabinet in the Socialist regime of the Fourth Republic.

NEWS BRIEFS

JERUSALEM (JTA) -- A 22-year-old woman from Ramallah is in custody for allegedly placing a bomb in the central bus station in Jerusalem Sunday. Police disclosed that the suspect, Atal Ashraf, was seized shortly after she was seen dropping a suspicious-looking parcel into a trash can at the bus station. The bomb was discovered and dismantled safely.

Police said that Ashraf is believed to have been involved in several other terrorist acts this year. Last week, an unidentified woman left a booby-trapped flower pot at the entrance to a Jerusalem supermarket. It exploded, slightly injuring one person. Police would not say whether they suspected Ashraf of that act. However, they said more arrests are expected.

JERUSALEM (JTA) -- Chief of Staff Gen. Rafael Eitan has ordered court martials for a number of soldiers, including an officer with the rank of colonel, for alleged negligence in handling secret documents which were discovered by a Yediot Achronot reporter recently in a city dump. The Knesset's Foreign Affairs and Security Committee will also discuss the case shortly, it was announced Tuesday.

Labor Alignment MK Moshe Amar presented an urgent motion to the Knesset agenda this week. He said the discovery was symptomatic of general laxity in the armed forces which could have severe repercussions on the state of preparedness. The army is reportedly taking preventive measures to protect classified material.

TEL AVIV (JTA) -- The Israeli Navy boarded the Lebanon-bound freighter Nixos at sea last week and directed it to Haifa where 27 West German-made Unimog multi-purpose vehicles were unloaded and confiscated. It was announced here. The vehicles, manufactured by the Mercedes-Benz Co., are convertible to armored troop carriers of the type used by Palestinian terrorists. They were consigned to Chemed, registered in Beirut as an agency aiding Palestinian orphans but believed to be a cover for the acquisition of equipment by the PLO, Israeli officials said. The Nixos, which carried a crew of 10 and flew the flag of an unspecified Latin American country, was released after the vehicles were landed.

JERUSALEM (JTA) -- The Israel Broadcasting Authority voted 13-4 last week to back its new Director General, Yosef Lapid, who has been involved in a public debate over his dismissal of two top staff members allegedly because of their leftist political views. Journalist groups have accused Lapid of political "purges" because he refused to renew the contracts of radio interviewer Yaacov Agmon and television producer Mordechai Kirshenbaum. Lapid, a Likud appointee, insists that his motives were professional, not personal. The journalists union intends to take up Kirshenbaum's case and has instructed him to stay on the job until the union has dealt with the matter.