FIRST ISRAEL NAVY SHIPS PASS THROUGH SUZC CANAL
By Yitzhak Sharfli

TEL AVIV, May 29 (JTA) -- Three Israeli landing craft passed through the Suez Canal today on route from Elat to Ashdod. The vessels, painted in sparkling white and flying flags from stern to stern, are the first units of the Israeli 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, Aziz. The other landing craft are the Ashkelon and Ashad. They were given the place of honor at the head of a 40-ship northbound convoy as they moved slowly through the canal, the Israeli sailors on deck in their summer white uniforms greeting cheers from the thousands 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 and will dock at Ashdod tomorrow.

IRAN'S FOREIGN MINISTER ASSURES KLAUSFELD JEWS HAVE "NO REASON TO WORRY"

PARIS, May 29 (JTA) -- Iranian foreign minister Mohammad Yazdi reported from Teheran yesterday that he was assured by Iranian foreign minister Irshad Yazdi that "there was no reason to worry in the case of Iran's Jews." Klauskfeld flew to Iran last week to intercede on behalf of Jewish politicians there and to investigate the execution on May 9 of Habib Elkan, a Jewish community leader.

Reza, the shah's brother, talked with Iranian officials in a message to his wife, Beate, who made it public here last night. The Klauskfelds have been instrumental in tracking down Nazi war criminals. Klauskfeld told him 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 regime could also face charges for their ties with Israel. If these came within the framework of the special relationships between Israel and the Shah's regime, "Klauskfeld 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 Klauskfeld, that "there is no way 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 films 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 this system. Klauskfeld interpreted that as meaning people who had the highest ranking positions.

TREATMENT OF ELMAN FAMILY A TEST

Klauskfeld said that a test of whether the new Iranian regime is inclined toward a lenient policy will be its treatment of Elkan's family -- his son, daughter-in-law and three children whose home was taken from them. Until now, they have been prevented from leaving for France, he said. Klauskfeld also reported on his conversation with the Iranian Minister of Justice, Assadollah Mobsari, with whom he had lodged a strong protest against the execution of Elkan. He said Mobsari insisted that Elkan 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 Shah's political system.

Klauskfeld also presented a message of protest to an aide to the Ayatollah Khomenei but was unable to meet with him. Khomenei's latter sent word that he would receive the French lawyer on June 2 but could not last Sunday when Klauskfeld was in the Moslem holy city of Qum, Khomenei's headquarters. He said the message he left for Khomenei 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. Khomenei replied, Klauskfeld said by telegraphing his earlier statement: Elkan's family was not judged as a Jew but as a member of the Shah's political system, to which Klauskfeld responded that he was unable to find any proof that Elkan was part of the past system inasmuch as his trial was held in secret.

CABINET-MINORITY APPROVES BUDGETCREASE BY $2.5 BILLION

by Git Sedan

JERUSALEM, May 29 (JTA) -- The Cabinet voted 13-1 today to approve a budget slashed by $2.5 billion from the one originally submitted by Finance Minister Simcha Eshkol. The vote came after a series of exhausting debates over the economy during the past several weeks. Only Agriculture Minister Ariel Sharon was opposed.

Eshkol 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 80 percent this year. The idea is to reduce government spending in the short term and freeze civil service hiring over a long term. Many ministers claimed Eshkol'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 is why all the ministers 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 it 100 million taken from the defense budget if it was transferred to education.
Katz, Minister of Labor and Social BETTERMENT, insisted that such a move "is in a progressive way," he said. He did not place all the blame on one group, but perhaps a heavier burden on the group that is better-established."

FIRST NEO-NAZIS BROUGH TO
TRIAL FOR TERRORIST ACTIVITIES
By Alfred Schroeder

BONN, May 29 (JTA) -- A West German court 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 Kuehnen, 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; Herbert Holm, 27, a former non-commissioned officer; Lutz Wegener, 22; Uwe Rohwer, 42; Klaus-Dieter Pils, 37; and Manfred Boem, 29.

All are former members of the new Nazi Party in 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 Buckenberg 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 rob arm shops and banks and to rob Jews as a test of their "courage," the charges say.

Schulte and Wegener are accused in addition of raiding the guard room at an army base to steal a submachine gun. Later they broke into a Cologne jeweler and stole off with two rifles, jewels and cash worth 60,000 marks. In December, 1977, they broke into an army ammunition depot and stole 10,000 rounds of ammunition. Two weeks later, they robbed a Hamburg bank of 60,000 marks. In other incidents, Schulte and Wegener, along with Rohwer, Pils 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-Billig.

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 Associated Telegraphic Agency following the conclusion of a two-day meeting in the presence of the Russian delegation for the Conference on 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 Zionist Organization and Jewish Agency for the conference, also pointed to the approximately 4500 Jews who have been emigrating from the USSR every month in the past three years, and an estimated 30,000 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 ban on emigration of Soviet Jews before the public for insurance of additional freedom for Soviet Jews. While the delegates took note of the increase in emigration and the report by Robert Hawke, president of the Australia Council of Trade Unions, that Soviet authorities 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 in 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 Zamir 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-Odys and Yaacov Halon, 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 his seat in the Knesset. His election came as a surprise second only to the Likud victory in 1977. Zamir 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-Odys, "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 £1.1 million (454,000) for one of its best players, 21-year-old Avi Cohen, of Israel, who joined 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 if war breaks out, he replied that he had "no military judgement to offer." (By Joseph Polokoff)

ISRAELI FISHING FLEET BARRED FROM EL ARISH WATERS

TEL AVIV, May 29 (JTA) -- An Israeli fishing fleet of 20 trollers is a casualty of the Israeli-Egyptian peace treaty, which returned to the town of El Arish and adjacent waters to Egyptian sovereignty last Friday. The Navy has informed the fishermen that they cannot operate within 100 kilometers of El Arish, including the rich fishing grounds of the Bardowil Lagoon, which Egypt has claimed as territorial waters.

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

The sailors of Neot Sina, just south of El Arish, also got 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 vegetables. The government 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 Sharf

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, 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. A warranted search was conducted at his home following warrants for his arrest. The Israelis issued a statement saying that a suspect terrorist ringleader, Mohammed Mounier-Shahade, was captured recently. Shahade, who was captured, reported to 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, Hallil el Waxler, also known as Abu Ayyad.

Davis has refused to cooperate with the police. He told the magistrate that the allegations against him were "total lies." The police details of the evidence 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 Shahade'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 Egypt and Israel 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 it would make such a proposal would hurt the negotiations. Carter added that he would not talk to the Egyptians on the telephone.

On the Camp David talks, 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 does not have any information on it. He said all he knows 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 reassuring 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 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 eviction of their land. He also claimed that sizable funds were flowing into the West Bank from Arab rejectionist states, channeled to extremist elements and intended to make them independent of Israeli largesse.

"Matt's remarks were leaked to the media," a Knesset correspondent told the JTA. "We are losing confidence in Knesset correspondents today for publishing material that could prejudice national security. The Netivah countered that if the matters reported by Matt had not been published by the military censor, there would be no security leak."
ISRAEL-EGYPTIAN BORDER IS OPEN

BUT NOT FOR TOURISTS -- YET

By David Lando, Yitzhak Shangil, Gil 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 Menachen 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 to the Sinai, to be the real thing, not just a prelude. 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 operations were also reportedly getting under way. Understanding how many of his citizens will be permitted to visit Egypt, the Egyptian government will make the necessary arrangements. But 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 ease 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 changes, the type of visa issued by Israel and Egypt respectively, visas will have to be issued by the missions of third countries acting as proxy.

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 hasty declaration of open borders, Israel will be selective in inviting tourists, especially in the short term. When the type of visa issued by 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 Hamid Ibrahim, vice president of Cairo University, who accompanied Sadat to Beersheba Sunday, responded enthusiastically to the proposal by Yosef Tekoah, president of Ben Gurion University, that Israel and Egypt establish a $100 million fund to finance a decade of cooperation in desert research.

Medical cooperation was also discussed. It was learned that Deputy Premier Yigael Yadin, a world famous archeologist, will visit Egypt beginning June 10 to explore Egyptian archeological 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 64

PARIS May 29 (JTA) -- Georges Dayan, a close associate of French Socialist leader Francois Mitterrand and a long-time friend of Israel and Jewish causes added that the day yesterday marked the end ofRA Dayan, a lawyer, was born in Oran, Algeria, and was a friend of Mitterand and the French Prime Minister Alain Poher.

Dayan is a well-known member of the French Socialist Party and was known for his strong positions on the Middle East peace process.

NEW 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, Abir 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.

Police said that Ashraf is believed to have been involved in specific targets. The act was carried out in a 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 Elitzur has ordered court martial trials for a number of soldiers, including an officer with the rank of colonel, for allegations of negligence in handling secret documents which were discovered by a Yediot Achronot reporter recently in a junkyard. The Knesset's Foreign Affairs and Security Committee will also discuss the case shortly, it was announced Tuesday.

Elitzur addressed to the Knesset this week, an urgent motion to the Knesset agenda this week. He said the discovery was symptomatic of a general laxity in the armed forces which could have severe repercussions on the state's 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 Chemit, 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 Yossi Agmon and television producer Mordechai Kirschbaum. Lapid, a Likud appointee, insists that his motives were professional, not personal. The journalists union intends to take up Kirschbaum's case and has instructed him to stay on the job until the union has dealt with the matter.