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CABINET ENDORSES INTERIM SOLUTION TO ITS BORDER DISPUTE WITH EGYPT

By David Landau

JERUSALEM, March 21 (JTA) — The Cabinet today endorsed a temporary solution to one of Israel's border disputes with Egypt. The compromise emerged during the discussions here last week with Egyptian Foreign Minister Kamal Hassan Ali and involves about a kilometer of territory in the Taba region near the Israeli port of Eilat.

It is understood that an interim arrangement was agreed to which would allow Israelis to operate a luxury resort hotel complex nearing completion on the Taba coastal strip while negotiations continued with Egypt on ultimate sovereignty over the area. Israel must complete its pull-out from Sinai by April 26 and it is hoped that the other territorial disputes along the 143-mile international boundary will be resolved by that date.

However, Defense Minister Ariel Sharon, who will go to Cairo shortly for further talks with Hassan Ali, reportedly told the Cabinet today that he would consider no further concessions to Egypt. "We have reached the limit," he was quoted as saying.

Issue Of Venue Of Autonomy Talks

Premier Menachem Begin reportedly took an equally tough line on the venue of future autonomy negotiations with Egypt. An autonomy session on the experts level, due to have been held today, was postponed by Cairo last night because of Israel's insistence that the talks be held in Jerusalem.

The issue of Jerusalem has emerged as a source of tension between Israel and Egypt due to President Hosni Mubarak's refusal to go there during his projected visit to Israel and Israel's position that he include Jerusalem on his itinerary or not come at all. Ongoing consultations between the two countries have produced no compromise so far, though officials on both sides say the visit will take place.

Part of today's Cabinet meeting was in closed session as a Ministerial Security Committee. Sharon briefed his colleagues on the tense situation on the West Bank. No details were released. But Begin sent a message of congratulations to the Army for the restraint it exercised during violent confrontations with demonstrators. At the same time, he expressed sorrow over the fatal shooting of an Arab youth by soldiers in El Bireh yesterday. (See separate story.)

Begin instructed all ministers to be present in the Knesset this week to help the coalition ward off expected attacks by opposition factions on the government's policy in the occupied territories and the budget.

ISRAEL MOVES TO QUELL CONTINUING VIOLENT DEMONSTRATIONS ON WEST BANK

By Gil Sedan

JERUSALEM, March 21 (JTA) — Israeli authorities took severe measures today to quell continuing violent demonstrations on the West Bank where one Arab youth was fatally shot in a clash with Israeli troops and at least five others, including two girls were wounded.

This morning the Jordan River bridges were closed to residents of Ramallah, El Bireh and Nablus, the scenes of the most serious political unrest during the past week. The three towns were cordoned off and residents were not permitted to leave or enter them between the hours of 8 a.m. and 4 p.m.

A curfew was imposed on the refugee camps at Balata and Askar in the Nablus region following demonstrations there. There were also demonstrations in Hebron where Arab students marched through the streets waving Palestinian flags and chanting nationalist slogans.

Two youths were wounded in the Nablus area where troops dispersed demonstrators with tear gas and rifle shots. Another Arab, shot in Halhoul yesterday, was hospitalized in Hebron with hand and leg wounds. He was reported in satisfactory condition today.

Background Of Fatal Shooting

The fatal shooting occurred in El Bireh where last Thursday the elected Mayor, Ibrahim Tawil, and his town council were deposed by the Israeli authorities for refusing to cooperate with the civil administration instituted on the West Bank by Israel last year.

The victim was identified as Ibrahim Ali Darwish, 18, who was shot in the stomach during a fracas with Israeli troops. Two teen-aged Arab girls were wounded in the same incident. They were identified as Amani el-Barghouthi, 16, and Aisha el-Barghouthi, 17. It was not clear whether they are sisters or members of an extended family.

The situation on the West Bank, particularly tense since Bir Ziet University was shut down by the Israeli authorities last month, was inflamed by the removal of the municipal government in El Bireh. It was the first time that an elected local administration was ousted since Israel occupied the West Bank 15 years ago.

Seen As Move To Destroy the PLO

Observers see that move and the violence that followed as the beginning of a political battle by Israel to destroy Palestine Liberation Organization influence on the West Bank. Mayor Tawil, like most incumbent mayors in the territory, is a strong PLO sympathizer. Israel, by its action in El Bireh, is making it clear that officials who refuse to cooperate with its conception of autonomy will not be permitted to exercise authority.

The Israeli regime, headed by Menachem Begin, justified the removal of the El Bireh Mayor and the councilmen on grounds that their refusal to cooperate was adversely affecting the citizens of El Bireh.

State Department Reaction

(In Washington, State Department spokesman Dean Fischer said Friday, in a prepared statement to reporters: "It is always unfortunate when elected officials are no longer able to serve their constituents. We remain convinced that the best way to assure the politically responsive representation of the inhabitants of the West Bank and Gaza is through the free election of a self-governing authority

to replace the existing military government. Such elections are essential elements in the framework of the autonomy agreements called for in the Camp David framework." Fischer refused to make any further comment on the West Bank situation.)

Role Of The Village Leagues

Last year Israel set up the Village Leagues on the West Bank, an effort to establish a counterforce to the PLO among local Arabs willing to cooperate with Israel. Those who join the Leagues receive security protection and financial aid from the Israeli government. The Leagues have been active in villages, but it is doubtful that a similar force can be raised in the larger West Bank towns where PLO influence is strongest.

They received a set-back last week when the Jordanian government announced that any West Bank leaders who collaborate with Israel would be tried for treason in absentia and executed. Since then, a number of Village Leagues members have resigned.

Getting Rid Of Pro-PLO Mayors

Israel, nevertheless, seems determined to get rid of the mayors who are PLO members or have strong pro-PLO sympathies. Heading the list is Mayor Bassam Shaka of Nablus, the largest Arab town in the territory. He is more popular than ever since he was maimed by a bomb in June, 1980, an outrage widely attributed to Jewish extremists, although no one has yet been apprehended for the crime.

Shaka is considered the top PLO man on the West Bank. But dismissing him is a politically delicate matter inasmuch as he has managed to garner sympathy abroad. French Foreign Minister Claude Chysson met with Shaka and other West Bank Arab leaders during President Francois Mitterrand's visit to Israel earlier this month. If Shaka is to be ousted, Israel must wait for an opportune moment.

It remains doubtful whether all pro-PLO mayors can be replaced with moderates amenable to Israeli authority. Many Israeli leaders deeply regret that free elections were permitted on the West Bank in 1976 which brought to office a younger generation of Arab mayors who are staunchly nationalistic and committed to the PLO.

Mayors Caught In A Dilemma

The mayors themselves are caught in a dilemma. For a time the prevailing sentiment was that they resign collectively to demonstrate their protest against Israeli rule. But now they refrain from such a move on grounds that it would play into the hands of the Israeli authorities.

Mayor Elias Freij of Bethlehem, regarded as a moderate but not a Village Leagues member, stated publicly that he would not resign even if he were the last Arab mayor on the West Bank.

The mayors apparently are awaiting instruction from Beirut where the PLO, meeting in emergency session over the weekend, threatened death to any who collaborates with Israel. But the PLO leadership is also divided. Some still advocate mass resignations by the West Bank mayors for the propaganda impact such a move would have internationally. But others fear that the PLO would thereby lose whatever political control it exercises in the territory.

A complicating factor for the PLO is the lack of cooperation from Jordan. Amman, it appears, would not be displeased if the PLO leadership on the West Bank is removed. The PLO asked

over the weekend for a meeting with the Jordanian authorities in order to establish a joint policy toward the West Bank.

GOLAN DRUZE IN 6TH WEEK OF STRIKE

By Hugh Orgel

JEL AVIV, March 21 (JTA) — The Druze on the Golan Heights began the sixth week of their general strike today in protest against Israel's annexation of that territory last month. The strike, with shops, schools and business establishments shut and Druze employed in Israel refusing to go to their jobs, is estimated to be about 80 percent effective.

The four villages where the Golan Druze population is centered have been sealed off by the Israeli authorities and, inasmuch as the residents have refused to accept Israeli identity cards, they are not permitted to leave. The news media also has been barred, raising angry protests and putting into question the credibility of official reports from the area by the army.

Druze farmers have complained that their cattle are dying because they are not allowed to take them to pasture near the Syrian border. The army claims the cattle are being led to pasture by farmers with identity cards and have not suffered. The media is unable to determine which version is correct.

Red Cross Denies Israeli Claim

Israel was embarrassed meanwhile when the International Committee of the Red Cross (ICRC) in Geneva flatly denied yesterday a claim by the army last week that a Red Cross representative had expressed satisfaction with the medical condition of the Golan Druze.

According to a military spokesman, the representative visited the region March 16 and ascertained that reports of a shortage of medicine in the sequestered towns were incorrect.

But the ICRC said in Geneva yesterday that the Israeli military authorities had denied its local representative freedom of movement and freedom to choose the people he wanted to interview.

As a consequence, the ICRC was unable to obtain the necessary information on the humanitarian situation on the Golan and was in no position to pass judgment on conditions there, the Geneva statement said. The ICRC said it was continuing its approaches to the Israeli authorities and hoped to resume its work on the Golan Heights as soon as possible.

Meanwhile, the Foreign Press Association, the Israel Editors Committee and the Israel Journalists Association have protested against the press ban to Premier Menachem Begin, the Defense Ministry and the army.

AIDE TO U.S. ENVOY TO UN SAYS ISRAEL NOT FARING WELL WHILE THE PLO IS DOING EXTREMELY WELL IN UN

NEW YORK, March 21 (JTA) — Allan Gerson, the special assistant to the United States Ambassador to the United Nations, Jeane Kirkpatrick, said today that "what goes on in the United Nations is a continuation of war by other means and in that war, Israel is not faring very well and the PLO is doing extremely well."

Gerson, who was addressing the Zionist Organization of America's national executive committee, said the U.S. delegation to the UN has tried to answer effectively every attempt to denigrate Israel. "This delegation agrees with the former head of the U.S. delegation, Senator Daniel Moynihan, that the UN is a very dangerous place," he said.

Gerson described the UN as an arena where attempts are made by Israel's enemies to "isolate and

denigrate" Israel and its policies and to "isolate those countries friendly to Israel, namely the U.S."

Novick Warns Of Danger Facing Israel

Ivan Novick, ZOA president, told the national executive committee meeting that the Reagan Administration's "efforts to accommodate the Arab states is not only false optimism but has proven historically not to work and in fact is counter-productive to American interests."

Novick made it clear, however, that he was not saying the Administration "wishes Israel harm. Nevertheless, good intentions of the Administration if improperly directed can not only be harmful, but they can be fatal."

The ZOA leader also said that Pentagon "complacency" about the growing military strength of Iraq, Jordan, Saudi Arabia, Syria and the Palestine Liberation Organization confronts Israel with the danger of "devastating losses" in any new war with the Arab world.

"The Defense Department insists that Israel is stronger than all of the countries that surround it and could win any war against any combination of Arab states," Novick said. "The Pentagon appears not to understand that the Arabs ever increasing quantitative arms superiority over Israel, which has gone from 3-1 to 4-1 and perhaps even 5-1, could inflict huge losses on Israel."

BEHIND THE HEADLINES

HABIB CONVINCES THE SKEPTICS

By David Friedman

WASHINGTON, March 21 (JTA) — After special envoy Philip Habib talked to reporters last week immediately after briefing President Reagan on his recent trip to the Middle East, a television news correspondent was overheard telling a colleague that now he believed Israeli Defense Minister Ariel Sharon. The reporter said he thought Sharon was "lying" when he said on ABC-TV March 7 that "We (Israel) don't have intentions to invade Lebanon or to attack Lebanon."

But the reporter's attitude has been the common wisdom for the last several months here in the media and among certain officials of the Reagan Administration. A day has not gone by without someone worrying about the possibility of the Israeli army moving into Lebanon, a move that was seen here as almost a foregone conclusion.

Habib may have put this attitude to rest for now by his statement to reporters at the White House that while the situation was still "fragile" in Lebanon "all parties realize more than ever the grave implication of a major breakdown of the cease-fire." When he was asked about Israel directly, he said that Israel has given its assurance that it will not "attack" Lebanon unless provoked.

This is basically what Sharon said on March 7 and what Israeli Ambassador Moshe Arens said on ABC-TV's "Nightline" last week and what Israeli officials have been saying in the Israeli press. However, Arens, who appears to be more outspoken than his predecessors, predicted that the Palestine Liberation Organization will commit such a provocation. Many believe if it occurs it will be before Israel's scheduled April 25 withdrawal from the Sinai.

Coincidentally or timed, depending on one's viewpoint, the State Department announced just as Habib was to report to Reagan that the

cease-fire which Habib helped establish last July applies to terrorist acts that originate in Lebanon but are committed in Israel from across the Syrian and Jordanian borders.

Israel has always considered this a violation. But although Secretary of State Alexander Haig has mentioned on occasions Israeli concern about this, up to last week the State Department said the cease-fire only prevented military acts from Lebanon into Israel and conversely.

However, whatever Habib's latest mission has done to continue the "fragile" cease-fire, it has done nothing to achieve Habib's original purpose, that of lessening the threat to Israel from the force in Lebanon of the PLO and the Syrian army.

It is sometimes almost forgotten that Habib, a 62-year-old former Undersecretary of State for Political Affairs, was called out of retirement by Reagan last May after Syria placed SAM-6 anti-aircraft missiles in central Lebanon and Israel threatened to remove them by force. After Habib returned from his first trip to the area, Reagan praised the envoy for preventing a war for which "the guns were all cocked and ready to go."

Syrian Missiles, Troops Still In Place

But the missiles are still there almost a year later; so are 25,000 Syrian troops. In addition, since the cease-fire last July, the PLO has built its terrorist forces up to 15,000, one third of them in south Lebanon. The PLO forces have also been receiving a large number of weapons, including tanks, artillery and rocket launchers and anti-aircraft weaponry.

Yet the Reagan Administration's major effort seems to be concentrated on preventing an Israeli attack to end this threat to Israel's security rather than at alleviating the threat itself. This was the outcome of every Habib mission from the first that prevented Israel from knocking out the Syrian missiles, through the cease-fire which kept Israel from attacking PLO positions last July through Habib's fifth and latest trip to the region.

Habib conceded last week that no progress had been made in having the Syrians remove their missiles or in reducing the threat to Israel from the PLO. "At the moment, the cease-fire was of more immediate interest," he maintained.

But lack of progress in this area also harms the Administration's announced goal of restoring the sovereignty of the Lebanese government over all of Lebanon. At present, 70 percent of that country is under control of the PLO and the Syrian army. As Arens noted last week, the "worst sufferers" in this situation are the Lebanese people themselves.

YAMIT FARMERS GIVEN BREATHING SPELL

TEL AVIV, March 21 (JTA) — Farmers in the Yamit area who have agreed to accept compensation for moving to new farms inside Israel proper have been told by the Prime Minister's office they can stay on in their present homes until mid-April, although all civilians are supposed to be out of the region, due to be handed back to Egypt on April 25, by the end of March.

But they have been warned that life will not be easy for them during the April weeks as electricity and water will be cut off at the end of the month, as equipment is closed down and moved away. Most telephones in Ophira, at the southern tip of the Sinai at Sharm El-Sheikh, were disconnected today, with only one or two emergency lines remaining.

BACKGROUND REPORT IRAQ'S INVOLVEMENT WITH TERRORISM

By Yitzhak Rabi

NEW YORK, March 21 (JTA) — Iraq's involvement with terrorism in the last year has intensified to a point where it is now one of the major supporters of terrorism in the world, it was charged by Naphtali Lavie, Israel's Consul General in New York.

Lavie stated, in a paper issued here, that Iraq's involvement in international terrorism goes beyond supplying arms, ammunition and major financial support to terrorist organizations. It "also takes the form of Iraqi 'volunteers' sent to south Lebanon to aid the Palestine Liberation Organization," Lavie said.

In addition, "there has been a direct Iraqi connection in the financing and procurement of arms from the Soviet Union and other East bloc countries for terrorist organizations in the Middle East," according to Lavie.

Organized System For Fostering Terrorism

He said Iraq has established, within its territory, "an organized system for fostering terrorist activities against Israel, Arab and Islamic countries, and nations aligned with the West. At the head of this system stands the Palestine Office," which is affiliated with Iraq's ruling Baath regime, and the Arab Liberation Front, an arm of the PLO which is "under direct authority of Iraq."

During the last year, the Israeli envoy said, Iraq was directly involved in eight terrorist attacks, launched by the Iraqi-sponsored "The Organization of the 15th of May," against Jewish and Israeli installation around the world. The same group was responsible in 1980 for three terrorist attacks against Jewish and Israeli installations, Lavie said.

In addition to the Arab Liberation Front and The Organization of the 15th of May, Iraq also supports and sponsors the terrorist groups headed by Wadia Hadad and Abu Nidal, Lavie said. The Abu Nidal group was responsible for the murder in May, 1981 of Vienna Councilman Heinz Nittel, a friend of Israel, and for attempts to organize terrorist activities in Austria. Lavie also said that "The Special Command" of the Popular Front for the Liberation of Palestine and The Organization of the 15th of May are two factions within the group led by Hadad.

"The Special Command has been granted a permanent base in Iraq in which it cooperates with Iraqi intelligence, as well as the May 15th Organization," Lavie reported. "It was granted special permission to use Iraq as a base from which it could conduct its activities outside the country."

Many Forms Of Iraq's Commitments

Iraq's support of terrorism has many forms and commitments, the Israeli envoy pointed out. The major aspects are:

- * "Direct involvement in the planning and implementation of terrorist attacks by Abu Nidal and May 15th Organization.

- * "Training of terrorists in Iraqi camps prior to their participation in terrorist attacks, including the training of foreign terrorists who cooperate with the PLO.

- * "Granting terrorist organizations the use of training camps, offices and facilities for planning and preparing attacks abroad.

- * "The issuance of Iraqi travel and identification documents to terrorists or trips abroad.

- * "Providing major funds to finance terrorist activities abroad.

- * "Using Iraqi diplomatic pouches for smuggling weapons systems for terrorist organizations and storing these weapons in Iraqi embassies.

- * "Aiding terrorists in foreign countries after an attack."

Role Of Iraqi Embassies

Lavie added: "There are Iraqi intelligence officers in a section of each of the Iraqi embassies active in aiding terrorist activities. Their role is considered extremely important and includes the provision of safe conduct back to Iraq where the terrorists will face no persecution for their crimes abroad."

According to Lavie, Iraq is a major source of funding for the terrorist organizations. He said that since 1979, Iraq has given the PLO some \$137 million in financial support.

AUSTRALIA'S FOREIGN MINISTER TO VISIT ISRAEL MARCH 28-30

By David Landau

JERUSALEM, March 21 (JTA) — Foreign Minister Anthony Street of Australia will pay an official visit to Israel March 28-30, it was officially announced here today. Street will arrive aboard a special plane Friday March 26 but will spend the weekend privately and the official part of his stay will begin only on March 28.

On his agenda are meetings with President Yitzhak Navon, Premier Menachem Begin and Knesset Speaker Menachem Savidor, as well as working sessions with his host, Foreign Minister Yitzhak Shamir, and their top aides. Street will also visit the Australian unit attached to the Multinational Force and Observers (MFO) in Sinai. From Israel he flies on to Egypt and will also visit other states in the area during his trip.

Shamir is hoping to visit Australia as part of a swing through friendly Asian countries during this year. A problem has arisen, however, in that connection: Japan, which earlier had indicated willingness to invite him officially, has now declined in the meantime, citing the Golan Heights annexation as the factor rendering a visit inopportune at this time.

JERUSALEM (JTA) — A three-month interim budget was approved by the Cabinet Sunday to enable the government to meet its obligations pending Knesset approval of the full budget for fiscal 1982-83. The law allows the government to spend up to one-fifth of its projected annual budget during the interim for regular expenditures and up to one half for development and investment.

JERUSALEM (JTA) — Yona Blatman, an expert in criminal law, was named State Attorney by the Cabinet Sunday, succeeding Gabriel Bach who was recently sworn in as a Justice of the Supreme Court. Blatman, who will be the government's chief prosecutor, had been Bach's senior aide.

NEW YORK (JTA) — Bank Hapoalim announced the opening last week of an office in Toronto, making it the first Israeli bank to establish a subsidiary in Canada. Previously, foreign banks, under Canadian banking laws, were not permitted to maintain subsidiaries in Canada.