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**BEGIN FLIES TO NEW YORK;
EXPECTS PRESSURE FROM REAGAN
TO PULL BACK TO 40-KILOMETER LINE**
By David Landau

JERUSALEM, June 15 (JTA) — Premier Menachem Begin, who flew to the U.S. today, may face strong American pressure to pull back Israeli forces in Lebanon when he meets President Reagan and Secretary of State Alexander Haig in Washington early next week. Some officials here expect the Administration to urge Israel to withdraw to positions 40 kilometers (25 miles) north of its border, the line that Begin told Reagan was the objective of Israeli forces when they invaded Lebanon June 5.

If the Americans ask for this, Begin intends to reject it, the officials said. Government sources reiterated, after today's special Cabinet meeting and just before Begin's departure that Israel is determined to continue its strategic blockade of Beirut as a strong bargaining position in the difficult political and diplomatic negotiations to come over the future of Lebanon.

At the same time, the officials indicated that Begin's line with the Administration will be that there is a basic confluence of interests between Israel and the U.S. for a long-term political solution in Lebanon. They are confident, moreover, that U.S. sympathy with Israel's assault on the Palestine Liberation Organization in Lebanon remains intact.

Begin Addresses UN Friday

Begin is due in New York tonight and will address the United Nations Disarmament Conference Friday morning. He is due to meet with Reagan at the White House next Monday. He hopes to be able to tell Reagan and Haig by then that the fighting in Lebanon has ended. Israel stopped its air raids on PLO positions following reported strong remonstrances from Washington over the weekend.

Israeli policymakers say that both Israel and the U.S. benefited from the success of American-supplied arms in Lebanon against the Soviet-supplied weapons of the PLO and the Syrian army. Both countries aspire to the restoration of a pro-Western, stable central government in Lebanon and would like to see a total withdrawal of Syrian forces from that country, or at least a diminution of Syrian control in Lebanon, the Israelis say.

According to these sources, the shared objectives ensure a successful round of talks for Begin in Washington and a fundamental coordination between Israel and the U.S. in the political moves ahead. It is understood that when Begin meets with the American leaders he will have in hand several option papers prepared by a high level Israeli back-up team, headed by David Kimche, Director General of the Foreign Ministry, for a political and security solution in Lebanon.

Israel's "preferred arrangement," it was said here today, would be a multinational force and observers, such as MRO presently patrolling Sinai, with a strong American component, to keep the peace in south Lebanon and permanently prevent the PLO from returning there. But Washington seems

reluctant to commit American forces to such a task in Lebanon and Israel may eventually agree to an expanded role for an enlarged United Nations Interim Force in Lebanon (UNIFIL), sources here said.

They pointed out that Israel's close ties with the Christian Phalangists in northern Lebanon and with Maj. Saad Haddad's not inconsiderable Christian forces in the south put Israel in a strong position to influence a political settlement in Lebanon. Israel has been supporting both Christian elements with weapons and money for years. Israeli ministers continue to stress however that Israel has no desire to impose a political settlement in Lebanon by force of arms.

Coincidentally, the UNIFIL mandate comes up for renewal by the Security Council this Friday. Israeli sources said they expected the Council to authorize an interim renewal for about 2-3 months instead of the regular six month period. The Council is said to want to avoid a full-fledged discussion of Lebanon while the situation there, especially around Beirut, remains unstable.

EEC POSTPONES ISRAELI 'PROTOCOL'

By David Kantor

BONN, June 15 (JTA) — Diplomatic sources here confirmed today that the European Economic Community (EEC) has postponed the signing of a "financial protocol" with Israel as an expression of displeasure over Israel's invasion of Lebanon. The signing was to have taken place today in Brussels.

The protocol, negotiated about six months ago, would provide some \$40 million in credits for Israel from the European Bank for Investments over the next five years. Although the credits bear the prevailing commercial interest rates, they are considered to be of some political significance.

Meanwhile, Foreign Minister Hans-Dietrich Genscher said today that West Germany will support the evacuation of all foreign forces from Lebanon as a key condition to restore Lebanese sovereignty and territorial integrity. He said that by foreign forces he meant not only Israeli troops. But asked whether he included the Palestine Liberation Organization, the Foreign Minister replied, "That will be the decision of an elected Lebanese government."

CONTINUED FIGHTING CONCERNS U.S.

By Helen Silver

WASHINGTON, June 15 (JTA) — The State Department said today that the U.S. is "very concerned about reports of continued fighting and troop movements around Beirut in spite of cease-fire declarations of the various parties."

But Department spokesman Dean Fischer said, in that connection, "We have been assured that Israel has no intention of occupying Beirut and we anticipate that Israeli forces will not take that step. We trust that none of the parties will do anything to contravene their stated intentions to observe the cease fire."

Questioned about reports that the Israelis might want to improve their positions around Beirut and whether such troop movements would be considered

a violation of the cease-fire, Fischer said he could not reply explicitly. "I wouldn't disclose the content of any diplomatic discussions the U.S. has had with Israel," he said. Asked about the legality of Israel's use of American-made weapons in Lebanon, Fischer said, "We are looking into that."

The State Department spokesman was asked about a possible delay in the required notification to Congress of the Administration's proposed sale of 75 more F-16 jet fighters to Israel. Fischer replied, "My understanding from the White House is that the President will make a determination about the timing of the notification. It is customary for the President to make such a determination."

Informal notice was given Congress of the proposed sale 21 days ago. The normal process is that 20 days later, formal letters of notification are sent to the Senate Foreign Relations Committee and the House Foreign Affairs Committee. But as of yesterday, no such letters had been sent.

Fischer would not say whether President Reagan is holding up the sale. He said he had no response to the message sent to Secretary of State Alexander Haig over the weekend by Sen. Charles Percy (R. Ill.), chairman of the Foreign Relations Committee, that it would not be timely now to go forward with the sale of F-16s to Israel.

No New York Meeting

With respect to Israeli Premier Menachem Begin's visit to the U.S., Fischer said no meeting has been scheduled between Haig and Begin in New York where the Israeli Premier will address the United Nations Disarmament Conference Friday. According to the White House, no time has been set for Reagan's luncheon meeting with Begin in Washington next Monday.

Asked about the extension of the United Nations Interim Force in Lebanon (UNIFIL) the mandate of which expires this week, or the establishment of some other multinational force for Lebanon, Fischer said "The U.S. has been a supporter of UNIFIL. We feel UNIFIL has played an important role in maintaining the fragile cease-fire on the Israel-Lebanon border over the past four years." But "given current uncertainties, we believe it is prudent to expand UNIFIL when its mandate comes up before the Security Council this week," Fischer said. "Its mandate must not be allowed to lapse at this critical juncture."

He added that, "looking beyond such an extension, we believe that a peace-keeping arrangement will be a necessary ingredient in bringing about an Israeli withdrawal in accordance with UN Security Council resolutions 508 and 509." Fischer said he was "sure we are in the process" of negotiating with other nations in the Security Council on this point. He said he did not know if the Soviet Union favored extension of UNIFIL.

Asked if the U.S. was satisfied that UNIFIL would be the only peace-keeping force in Lebanon, Fischer said "There are a number of options under consideration" and it is "premature to speculate" as to whether the U.S. would send troops to an enlarged UNIFIL force.

CREDIT REFUSED FOR ARGENTINE ARMS By Tamar Levy

GENEVA, June 15 (JTA) -- A spokesman for the Credit Suisse in Zurich confirmed today that the bank has turned down an urgent request for some \$50 million in credit apparently to finance an Argentine weapons purchase from Israel.

The deal reportedly involved a letter of credit for Israel Aircraft Industries arranged through a Panamanian bank that is believed to have been acting on behalf of Argentina. Credit Suisse was apparently disturbed by the complexities of the transaction, the sum involved and the nature of the deal. Israel Aircraft Industries manufactures the "Dagger" version of the French Mirage jet fighter plane and the "Gabriel" surface-to-surface missile used by the Israeli navy.

Argentina has been using the Israel-made "Dagger" jets against British forces in the Falklands Islands war. The Financial Times of London reported two days ago that British officials were deeply disturbed by an approach to Credit Suisse because it confirmed British fears that Israel continues to be one of the main sources of weapons for the Argentine junta.

The Financial Times reported that the junta has been running into difficulties trying to finance urgently needed arms supplies from Israel. But Argentina was said to have received up to 300 tons of military equipment from Libya in recent days.

Israel has acknowledged selling arms to Argentina. But when the war with Britain over the Falklands broke out, the Israelis insisted that while they would honor past arms sales contracts they would not enter into any new ones.

JWB TELLS FAMILIES OF AMERICANS SERVING IN IDF 'ALL IS WELL'

NEW YORK, June 15 (JTA) -- There were sobs of relief and shouts of joy in many American and Canadian homes when "All is well" messages were relayed today by JWB from their Israeli soldier sons and fathers.

JWB, the central service agency for the Jewish Community Center movement of North America, telephoned the "good news" as part of a joint project of JWB and the Association of Americans and Canadians in Israel.

Asher Tamon, director of the JWB Israel Office in Jerusalem, cabled the names of olim called up in the current Lebanon conflicts. He also supplied the names, relationship and telephone number of family members in the U.S. and Canada. More messages will be relayed by JWB as they are received from AACI, Tamon said. The contacts covered a wide range of emotional reaction as well as a broad span of North American geography. Frank F. Wundahl, JWB director of communications, made the calls.

NJCRC PRAISES REAGAN MOVES

NEW YORK, June 15 (JTA) -- The executive committee of the National Jewish Community Relations Advisory Council (NJCRC) voted unanimously here today to commend President Reagan and his Administration for their recent positions on Lebanon and Israel, which the committee said, recognized the need to couple Israeli withdrawal with a long term solution.

The action, taken at the tri-annual meeting of the NJCRC and relayed to President Reagan by telegram, praised the Administration for "advocating arrangements to bring peace and stability to Lebanon; to prevent Lebanon's use as a launching pad for PLO terrorism; and restore true Lebanese sovereignty; and to obviate Israel's need to repeatedly take military action in its self defense."

HABIB SEEKS TO CEMENT CEASE-FIRE; ISRAELI TROOPS FIRED ON BY PLO, SYRIANS AS FIGHTING FLARES UP

By Gil Sedan and Hugh Orget

JERUSALEM, June 15 (JTA) — U.S. special envoy Philip Habib was in Beirut today trying to cement a lasting cease-fire to forestall a feared Israeli assault on Palestine Liberation Organization headquarters in the heart of the city. According to the latest reports, fighting flared anew this evening after Israel reported its troops were being fired on by PLO and Syrian forces from Beirut. Israel said it returned the fire.

The report was the first of hostilities between Israeli and Syrian forces since the Syrians agreed to a cease-fire last Friday. A report from Damascus today said Syria rejected an Israeli demand to pull its troops out of Beirut.

An Israeli army spokesman said the shooting began shortly after 6 p.m. local time. He said Syrian and PLO forces opened tank fire from inside Beirut on Israeli forces camped east of the international airport which lies just south of the Lebanese capital.

According to reports from Beirut, most of the Israeli forces were stationed in Ba'abda village, a Beirut suburb near the Presidential Palace but left those positions for a point further east along the Beirut-Damascus highway where Syrian forces were said to have fortified new positions.

Lebanese Seek National Body

The spokesman said Israeli troops had completed mopping up operations in the Khilwei refugee camp near Sidon which the PLO turned into a stronghold. The Israeli army shut down the Palestinian hospital in Sidon and ousted a number of foreign doctors who allegedly sheltered terrorists in the guise of patients.

While Habib's efforts were underway, Lebanese leaders were attempting to create some sort of national body as a precursor to a new, independent government in Beirut. So far, President Elias Sarkis has been unable to establish a representative National Salvation Council. Three of the more important candidates for membership in that body failed to show up for a meeting today.

The main problem is the refusal of Walid Junblatt, leader of the leftist National Lebanese Movement, to participate in the Council. Junblatt, who heads Lebanon's large Druze community, is regarded as a supporter of the PLO and Syria. Without him, there can be no representation in any national body of the Druze or pro-Syrian Lebanese.

Junblatt's position was seen as an indication of the difficulty of reaching any long term solution in Lebanon opposed by the Syrians. Nevertheless, the initiative by Sarkis in face of apparent Syrian opposition was viewed as a major political change in the country. Observers noted that prior to the Israeli invasion of Lebanon, Sarkis would not have dared take such action without first consulting Damascus.

MITTERRAND SENDS ENVOY TO LEBANON; MEETS WITH SHAMIR

By Edwin Eytan

PARIS, June 15 (JTA) — President Francois Mitterrand sent a special representative to Lebanon today to try to obtain a general and immediate cease-fire. He renewed his appeal to Israel "to stop without any delay the bombardments and the fighting" in Beirut. Mitterrand will meet

this evening with Israeli Foreign Minister Yitzhak Shamir who conferred this morning with the French Foreign Minister, Claude Cheysson.

Mitterrand appealed to Israel last night to halt its shelling on Beirut and warned that "a fight in the center of the city would cause even more human suffering and casualties." The President said that he was sending Francis Gutmans, the head of the French Foreign Ministry, to Lebanon to meet President Elias Sarkis and other Lebanese leaders.

French sources say Mitterrand seems to be personally affected by reports of heavy civilian casualties in Lebanon. He asked to see Shamir last night after having previously turned down Israeli requests for an audience. Diplomatic sources say Mitterrand refused originally to see him to avoid Arab charges of supporting Israeli policies in Lebanon. He has apparently changed his mind in order to personally renew his plea for an immediate cease-fire.

Cheysson, who conferred for nearly an hour with Shamir, also called on Israel to refrain from any further shootings or shellings in Beirut. The Israeli Minister stressed that Israel had unilaterally imposed a cease-fire but had been forced to respond to Palestinian provocations.

Shamir Defends Israeli Actions

Shamir also referred to Cheysson's recent declaration that Israel's policy is "suicidal." The Israeli Minister said "what would have been suicidal on our part would have been to give in to foreign friends and accept the creation of a Palestinian state. What happened in Lebanon would have happened in Israel as well," he said.

Shamir reiterated Israel's position that it has no territorial aspiration in Lebanon and expressed the hope that a multinational force "in which France could play a role" would be set up to ensure the pacification of southern Lebanon. He said all Israel wants is to see a stable government assume power in the war-torn country.

Israeli sources said Cheysson did not raise the fate of Palestine Liberation Organization chief Yasser Arafat or that of the other Palestinians now said to be trapped in Beirut. A senior Israeli source said: "This subject was simply not discussed nor raised by any of the participants at the meeting."

Shamir met for lunch with French Minister of State Gaston Defferre, an old friend of Israel. Defferre replaced Cheysson who, immediately after his working session with Shamir, left for Riyadh to represent Mitterrand at the funeral ceremonies held for King Khalid of Saudi Arabia who died Sunday. Shamir will be the guest of honor at a banquet tonight given by Senate President Alain Poher. He will return to Israel Thursday.

TEL AVIV (JTA) — An Israeli soldier reported missing since the early days of the fighting near Tyre last week was found wounded after a clash with terrorists near Sidon Tuesday. Ephraim Talbi, of the Haifa area, had been posted missing after a fight near Tyre, on the first day of the push northwards. Talbi had been held prisoner near Sidon and was discovered lying on the ground by the Israeli troops after an exchange with terrorists hiding in fruit groves.

When his mother was informed by phone of his safe arrival in a hospital she refused to believe the news until provided with exact information about his name, address, birthday and family members.

Talbi, meanwhile, was evacuated by helicopter to a hospital in Israel.

DINITZ SEES NEW POLITICAL REALITIES IN MIDEAST IN WAKE OF ISRAELI OPERATION

By Kevin Freeman

NEW YORK, June 15 (JTA) -- Declaring that "no war can provide by itself political solutions," Simcha Dinitz, Israel's former Ambassador to the United States, said last night that the Israeli invasion into Lebanon to destroy the military infrastructure of the Palestine Liberation Organization has opened vast new political realities in the Middle East.

In an address to some 200 persons gathered under the auspices of the Labor Zionist Alliance, Dinitz recalled that following the 1967 Six Day War and the Yom Kippur War in 1973, political and diplomatic opportunities developed and in some cases were expanded upon. In particular, he noted the disengagement agreement between Israel and Egypt, and the eventual process that led Egyptian President Anwar Sadat to Jerusalem and Camp David.

Dinitz, who is a vice president of Hebrew University, said that while he is still a member of the Labor Party, he was not speaking as an official representative of the Party. Dinitz served in his position as Ambassador to the U.S. during the Nixon-Ford Administrations and prior to that was secretary to former Israeli Premier Golda Meir.

Now, he pointed out, with the Israeli operation in Lebanon, the political situation there has been shifted. He said the first development to arise from the Israeli action was the shattering of the image of the Palestine Liberation Organization, which he said was an image created by West European, Third World and Arab states.

No Arab Help For PLO

According to Dinitz, the political image of the PLO was greater than the actual power and political weight which that organization professed to have. He reminded the audience, conspicuous by its lack of young persons, that not a single Arab country came to the support of the PLO during the recent fighting. He said Syrian interest in the conflict was only in its own self interest because of its concern over possessing the Bekaa Valley for strategic purposes.

Dinitz said the Syrians "were happy to agree" to the cease-fire and that the moderate Arab states--Egypt, Saudi Arabia and Jordan--were not sorry to see the PLO suffer a military setback.

Dinitz contended that Palestinians would be more likely to negotiate with Israel without having to fear PLO reprisals and terror. He however said that negotiations cannot take place unless there is the participation of at least two Arab states. In an effort to meet this end, Dinitz cited what has become the traditional Labor policy calling for the incorporation of Jordan into the peace process since the majority of Jordanians are Palestinians.

He said Jordan's support, along with tacit approval of Saudi Arabia, may be obtained for the Camp David process when it becomes clear that the real threat to the stability of moderate Arab nations is that of the Islamic revolution of Iran, the government of Libya, the PLO and Syria.

He called on the U.S. government to help Israel "achieve the fruits" of the Lebanon victory. But he stressed that the Israeli government has no desire to control the government of Lebanon. He said that Lebanon can however, count on Israeli support in the future.

SPECIAL FUND-RAISING CAMPAIGN PLANNED By David Landau

JERUSALEM, June 15 (JTA) -- The government and the Jewish Agency are planning a special fund-raising campaign abroad in the wake of the "Peace For Galilee" military operation in Lebanon, it was disclosed by Cabinet Secretary Dan Meridor following a Cabinet meeting today.

The Cabinet also decided to set up an inter-departmental committee headed by Economics Minister Yaacov Meridor to coordinate Israeli humanitarian aid to war-torn Lebanon. Israeli officials made it clear that Jerusalem will cooperate with the International Red Cross to facilitate overseas humanitarian aid to reach Lebanon and to be effectively distributed there.

At the Cabinet meeting Premier Menachem Begin discussed his intended speech at the United Nations Disarmament Conference in New York which he will address Friday. Begin left for New York after the meeting.

The Cabinet session was devoted mainly to the situation in Lebanon. Begin and Defense Minister Ariel Sharon reported on the current military and diplomatic situation.

COL UP 6.2 PERCENT IN ISRAEL

By Hugh Orgel

TEL AVIV, June 15 (JTA) -- The cost of living index rose in May by 6.2 percent, the Central Bureau of Statistics announced today.

The increase, twice that of last May (3.3 percent), brings the COL increase in the five months since the beginning of the year to 41.4 percent, up from the 35 percent increase during the first five months of 1981.

The Bureau said it was still too early to forecast the influence of this week's price increases, following measures to help pay for the war, on next month's COL index.

NAZI BOOK BURNING TO BE MARKED

BONN, June 15 (JTA) -- The 50th anniversary of the burning of banned books by the Nazis in May, 1933 will be marked next year by a commemorative week and a conference on emigre literature in the city of Osnabrueck.

In collaboration with the city's university, a wide range of activities is being planned to illustrate the extent and importance of the loss to science and the arts caused by the Nazi regime. They will include exhibitions, concerts, films and stage productions to honor the memory of artists, writers and scientists persecuted by the Third Reich.

Former Chancellor Willy Brandt has agreed to deliver the inaugural address on May 10, 1983.

NEW YORK (JTA) -- Theodore Mann, chairman of the National Conference on Soviet Jewry (NCSJ), reported that POC Eugeny Lein was unexpectedly released one year early from his labor camp location in Krasnoyarsk, and arrived at his residence in Leningrad June 6. Lein was convicted in August 1981 of "resisting a representative of authority," and sentenced to two years of "compulsory labor for the national economy." "Now that he has rejoined his wife and daughter, after a difficult year in a labor camp, we hope that Eugeny Lein and his family will soon know true freedom and be permitted to emigrate to Israel," Mann stated. Lein taught Hebrew to his fellow inmates following his conviction. He also instructed them in legal procedures.