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ISRAELI NAVY PATROL BOAT SINKS VESSEL WITH 28 TERRORISTS ABOARD By Hugh Orgel

TEL AVIV, April 22 (JTA) -- An unidentified vessel preparing to put terrorists ashore in Israel was sunk by a Navy patrol boat Saturday night, it was reported today. Of the 28 men aboard the vessel, 19 are presumed to have drowned, eight were pulled alive from the sea and one body was retrieved.

The survivors reportedly told interrogators they were members of El Fatah, the terrorist arm of the Palestine Liberation Organization and had been per sonally instructed on their mission by PLO chief Yasir Arafat's deputy, Abu Jihad, head of El Fatah's operations division. Their misssion, according to Israeli sources, was to create carnage in Israel on the eve of its Independence Day. Rear Adm. Avraham Ben-Shushan, commander

of the Israel Navy, told military correspondents here today that the patrol boat intercepted a 1,000 ton ship, flying no flag, about 200 kilometers off Tel Aviv Saturday night. The boat was on what was des-cribed as a "deep water partol." According to Ben-Shushan, the unidentified

ship failed to respond to signal rockets or radio transmissions ordering it to stop. Instead, it opened fire

on the Navy patrol boat with small arms and rocketpropelled grenades and attempted evasive action. The patrol boat returned the fire, sinking the hostile vessel.

Terrorists Planned Attacks In Major Cities

Premier Shimon Peres told the Knesset's Foreign Affairs and Security Committee today that the terrorists had planned three large-scale attacks in major cities, taking hostages and killing as many Israelis

A military spokesman said earlier that the surviv ing terrorists disclosed under interrogation that their "mother ship" carried three rubber dinghies and a fib-reglass boat. The terrorists planned to land in Israel in three units of six or seven men each to carry out acts of violence and sabotage.

According to the military spokesman, they called themselves the "Ein Hilwe Martyrs" in honor of the terrorists of the Ein Hilwe refugee camp in Leb-

Israel Navy sources said 15 attempted landings by terrorists from the sea have been foiled in recent years. The last successful landing occurred six years ago when terrorists went ashore on the beach near Ma'agan Michael, south of Haifa, hijacked a bus on the coastal highway and held its passengers hostage. The terrorists and several hostages were killed in a shoot-out with Israeli forces.

MASS GATHERING URGED AT BITBURG CEMETERY GATES DURING REAGAN'S VISIT Rosensaft: 'Perhaps Then He Will Understand The Enormity Of The Outrage He Has Perpetrated' By Kevin Freeman

PHILADELPHIA, April 22 (JTA) -- Menachem Rosensaft, the founding chairman of the International Network of Children of Jewish Holocaust Survivors, has issued one of the strongest criticisms to date from a prominent figure in the American Jewish community of President Reagan's planned visit to the Bitburg military cemetery in West Germany.
"President Reagan has allied himself with those

who seek to forget or deny the Holocaust," Rosensaft declared in an emotionally charged address to thousands of Jewish Holocaust Survivors and their families gathered at Independence Hall for the opening ceremonies of the three-day Inaugural Assembly of the American Gathering of Jewish Holocaust Survivors, which began yesterday.

"If President Reagan refuses to cancel the visit to Bitburg," Rosensaft continued, "we must see to it that survivors, children of survivors and American war veter-ans will be waiting for him at the gates of the cemetery. Let him pass before us there and look into our faces, and perhaps then at last he will understand the enormity of the outrage he has perpetrated.

Rosensaft's speech, which brought many survivors to their feet and was greeted with sustained applause. came at the conclusion of a day of speeches -- most criticizing Reagan's forthcoming Bitburg cemetery visit -and prayers and remembrance of the six million Jewish victims of the Holocaust.

The survivors and their families were first joined by thousands of persons under clear sunny skies yesterday afternoon at the Monument to the Six Million Jewish Martyrs near City Hall on Benjamin Franklin Parkway. There, the survivors were welcomed to this city -- selected for the gathering partly due to its symbolism of freedom -- by Mayor Wilson Goode.

Lament 'Moral Inappropriateness' Of Bitburg Visit

Among the speakers at the Monument was Marion Wilen, president of the Jewish Community Relations Council of Greater Philadelphia, who said, "While we welcome President Reagan's belated decision to pay tribute to the six million ... we lament the moral inappropriateness of his unchanged plan to visit a German military cemetery.

The Rev. C. Edward Geiger, executive director of the Metropolitan Christian Council of Philadelphia declared: "After 40 years, there are still those of us -even going as high as the White House and the President of the United States -- who do not understand the uniqueness of this event (the Holocaust) in human history

Following selected readings six candles were lit in memory of the Jewish victims of the Holocaust. After the recitation of Kaddish, the survivors led a "Road to Freedom" procession to Independence Hall.

The 14-block march through the city, effectively choking off traffic and drawing curious and inquisitive stares from onlookers, was headed by survivors who carried an Israeli and American flag, along with a torch lit from a ceremonial Menorah at the Martyrs Monument, erected 21 years ago as the nation's first memorial to the Holocaust victims.

At Independence Hall, each survivor was given a white carnation to carry across Independence Mall and drop at the base of the Liberty Bell, in a symbol of

thanks for their freedom. Youngsters handing out the carnations had a single word inscribed on their baseball caps, in Hebrew, which translated, meant, "Remember."

The Past Cannot Be Forgotten

The crowd at Independence Hall, estimated by officials at 17,000 persons, listened to the United States Army Band and later watched as soldiers in dress blue trooped the colors of army divisions that liberated Nazi death camps.

Cardinal John Kroll of the Roman Catholic Archdiocese of Philadelphia, Sen. Arlen Specter (R. Pa.) and Governor Dick Thornburgh spoke at the Independence Hall as did Mayor Goode. Benjamin Meed, president of the American Gathering and the Federation of Jewish Holocaus Survivors, told the gathering that by "remembering the past, we can build the future with integrity."

"Therefore, we want aur national leaders ... to know that we are hurt and angered when they suggest that now is the time to forget, that amnesia should be the foundation of the German future," Meed declared, "The German stody say they don't remember or that they never knew what was happening. Yes, we know what they want to forget. Must we help them."

Rosensaft's speech followed, at a point when the heat and sun from the long afternoon appeared to be taking its toll on some of the survivors who are gathering here. He assailed the President not only for the planned Bitburg visit but for the remarks he made last week equating the victims of the Holocaust with Nazi soldiers, saying they, too, were victims.

Rosensaft said the President "is distorting history" and that "we are in the midst of a moral crisis of unprecedented proportions." He added: "For heavens sake, let him find another cemetery. There must be at least one in all of Germany which does not contain SS men."

SHULTZ URGES ARAB GOVERNMENTS TO AGREE TO DIRECT TALKS WITH ISRAEL By Dayld Friedman

ARLINGTON; Vay: April 22 (JTA) — Secretary of State-George Shultz stressed his commitment to Israel and urged Arab governments to agree to direct negotiations with the Jewish State.

"Those who take risks for peace should know that the United States will help them defend themselves," he told some I, 200 persons attending the opening session yesterday of the 26th annual policy conference of the American Israel Public Affairs Committee (AIPAC) at the Hyatt Regency Crystal City Hotel

"The U.S. must continue to support those who seek negotiations and peaceful solutions against those who promote violence and oppose peace," he said.

Shultz, who noted that Richard Murphy, Assistant Secretary of State for Near Eastern and South Asian Affairs, is now in the Middle East to explore "practical steps" toward peace, declared, "Butwhat ever opportunities may emerge, no one in the region or throughout the world can have the slightest doubt about American policy: Israel's survival and security will never be put at risk."

Shultz, stressing that the U.S. remains committed to President Reagan's September 1, 1982 Middle East peace initiative, said that anyone can bring any position to negotiations. He said there is no shortage of plans in the Middle East but what was needed was direct, face-to-face negotiations. "Its not the going-in position, its the coming-out position that matters," he said.

Shultz stressed that the U.S. supports a negotiated

Shultz stressed that the U.S. supports a negotiated settlement which will give the Palestinian people their "legitimate rights" but does not support the establishment of an independent Palestinian state in the West Bank and Gaza Strip. "Nor will we support annexation or permanent control by Israel," he said.

He also said U.S. policy toward the Palestine Liberation Organization is unchanged, "We will never recognize or negotiate with any group that espouses violent solutions or refuses to accept (UN Security Council Presolutions 242 and 338 or recognize Israel's right to exist."

When Shultz was asked what he thought about the recent meeting in Jordan between five U.S. Congressmen and PLO chief Yasir Arafat, he said "personally, I don't think it is a good idea."

Stresses U.S. Commitment To Israel

Shultz, who stressed the U.S. commitment to Israel throughout his speech, was applauded at least 27 times. He repeated his position that the U.S. wants to help Israel in its economic crisis, "But our help will be of little avail if Israel does not take the necessary steps to cut government spending, improve productivity, open up its economy and overhaul the mechanism of economic policy."

He announced that an example of close cooperation between the U.S. and Israel will be the signing today of the Free Trade Area agreement. (See separate story, P.3.)

EBAN REJECTS VIEW THAT ISRAEL IS NOT DOING ENOUGH TO REDUCE ITS INFLATION AND ITS DEFICIT ECONOMY By David Friedman

ARLINGTON, Va., April 22 (JTA) — Abba Eban, chairman of the Knesset's Foreign Affairs and Defense Committee, rejected today what he said was the view of some American economists that Israel is not doing enough to cut the size of its government in the effort to reduce inflation and its deficit economy.

Speaking at the 26th annual policy conference of the American Israel Public Affairs Committee (AIPAC) at the Hyatt Regency Crystal City Hotel here, Bun said the government and Knesset have displayed "courage" in cutting defense appropriations despite the continuing threats that Israel faces.

But Eban stressed that while Israel is taking "pain-

But Eban stressed that while Israel is taking "painful" steps to cut spending by consumers and government, "we cannot do this alone" but require the U.S. to provide even more aid "than the generous" funds it does

"If Israel is economically weak, it cannot be militarily strong," he declared. "If Israel is militarily weak, we cannot defend ourselves against pressures and influences which might be brought to bear upon our most vital interests."

Israel's Economy 'Is A Success Story'

At the same time, Eban stressed that "Israel's economy is a success story," not a failure. He noted that when AIPAC was founded, Israel was earning \$70 million from exports while today the figure is \$12-\$13.billion.

"We are a success story as a producer," Eban said,
"Unfortunately we are also very successful in consuming."
But, he noted, under Israel's austerity programs, Israeli
consumers have had restrictions placed upon them.

However, he stressed that Israel's economic problems cannot be conquered by the consumer alone, but "require a diminution of government expendi-

tures."

Earlier, Eban noted that his job as a Knesset chairman has been compared in the U.S. to the jobs of the chairmen of the Senate Foreign Relations Committee, the House Foreign Affairs Committee and the Senate and House Armed Services Committees. "It takes four chairmen in the U.S. to do what is expected of one man in Israel," he quipped. "Yet we hear complaints about our bureaucratic inflation."

As a Labor MK, Eban said he had been "apprehensive" about the unity of the Labor-Likud coalition government. But, he said, although no one either side has changed basic positions, the government would not have been able to take the austerity measures if it had not been united.

Economic Future Of Israel

Eban said that Israel's economic future depends on scientific and technological advances which is why he supports Israel accepting the U.S., offer to participate in research and development of the Strategic Defense Initiative (SDI), popularly known as "Star Wars."

Stressing that he does not want to get into the U.S. controversy over this issue, he said that was "no reason for Israel to exempt itself from useful scientific research and technical imagination" that might emerge from the program.

U.S.-Israel Relations Is A 'Harmony Of Interests'

Speaking about U.S.—Israel relations, Eban said the "harmony of interests" which now exists between the two countries was expressed by Secretary of State George Shultz's appearance before AIPAC yesterday. "I have never heard a broader area of agreement and common interests enunciated at such a high level," the former Israeli Foreign Minister said.

Eban said that where once U.S. support for Israel was based on common values, today they also include shared national interests. "We also count for something in the balance of regional power," he said, adding that without Israel, the U.S. position in the Middle East "would look very slender and very fragile."

Eban said he tells both Jewish and non-Jewish Americans that "today to support Israel's cause you do not have to love Israel, It is enough that you should love America."

U.S. AND ISRAEL SIGN FTA ACCORD By Judith Kohn

WASHINGTON, April 22 (JTA) —— Israel and the United States signed into effect today an agreement —— unprecedented in the history of U.S. trade policy—that will remove all trade barriers on goods and services exchanged between the two countries.

In a signing ceremony at the House Ways and Month Committee, Israel's Minister of Commerce and Industry, Ariel Sharon, and special U.S. Trade Representative William Brock, stressed that the agreement would benefit the economies of both the U.S. and Israel and serve as a precedent for future similar agreements with other countries.

A statement read by Brock from President Reagan called the agreement a "milestone in our efforts to liberalize trade." The U.S.—Israel Trade Area agreement, concluded last month, will eliminate tariffs and other trade barriers in phases over a 10-year period. Congress authorized the President to conclude the agreement ast year and to submit it for "fast track" consideration and approval by the House and Senate.

"There will be some debate, but most of that's behind us now. We've done the hard part," Rep.

behind us now. We've done the hard part," Rep. Sam Gibbons (D. Fla.), chairman of the Ways and Means Committee's subcommittee on international trade, who spoke at today's ceremony, told the Jew-ish Telegraphic Agency.

Having rushed to theceremony from a luncheon address to the annual policy conference of the American Israel Public Affairs Committee (AIPAC) in Arlington, Va., Brack said the agreement is "testimony to the political will on both sides."

Sharon, speaking for the Israeli government, said "I believe that the agreement we have signed today will strengthen the relations——those deep, strong, traditional relations—between the greatest democracy in the world, the U.S. and the only one that exists in the Middle East, in the region, Israel."

PERES 'UNEQUIVOCALLY' FAVORS
POSITIVE RESPONSE TO U.S. INVITATION
TO PARTICIPATE IN 'STAR WARS' RESEARCH
By David Landau

JERUSALEM, April 22 (JTA) — Premier Shimon Peres said today that he per sonally was "unequivocally in favor" of a positive response to the Reagan Administration's invitation to Israel to participate in research for the Strategic Defense Initiative (SDI), popularly known as "Star Wars,"

Peres told the Knesset's Foreign Affairs and Security Committee that the SDI program signified a scientific revolution and it was clearly in Israel's interest to be involved in the technology from the out-

Peres' remarks to the Knesset committee did not constitute a formal reply to the invitation U.S. Defense Secretary Caspar Weinberger extended to Defense Minister Yitzhak Rabin in Washington last month. The formal response is still being drafted by Israeli experts and must be approved by the Cabinet before it is conveyed to Washington.

But given the enthusiasm of Peres and Rabin for the project, there seems little doubt here that Israel will accept the invitation. It was also extended to America's NATO allies, Japan and Australia.

JEWISH CABBIE SHOT DEAD

JERUSALEM, April 22 (JTA) — Jerusalem area police are holding two suspects and seeking a third in connection with the murder of David Caspi, a Jewish taxi driver from Neve Yaacov, who was shot though the head last Friday. The 33-year-old Caspi, a resident of Neve Yaacov,

The 33-year-old Caspi, a resident of Neve Yaacov, operated the cab in partnership with his brother. The blood spattered vehicle with its headlights on was found by an Arab resident who called police. Caspi's body was found nearby. His brother insists he was slain by terrorists. He was not robbed.

The two suspects were arrested on the basis of information provided by a 17-year-old Arab youth who was admitted to an East Jerusalem hospital with gunshot wounds.

PERES' INDEPENDENCE DAY MESSAGE

JERUSALEM, April 22 (JTA) — Premier Shimon Peres issued the following message marking Israel's 37th Independence Day on April 25:

I srael's 37th Independence Day is a day of tears and of pride — tears for the lives of the young people through whose courage we have renewed and maintained our independence and pride in what has been ochieved, thereby changing the course of Jewish history.

Zionism has sought to build a state through peaceful means, through friendly relations with our Arab neighbors and mutual assistance. We have not fostered hostility, but we have been forced to stand up against it. We have not sought wars, but when we were attacked, we had no choice but to win

We are the smallest of nations, and a small part of our own people — and in the wars we have had to fight, we have been a handful against many. Only the burning vision of the founders, and the supreme heroism of the defenders — only these have made it possible for the Jewish people to live anew on its land.

Vision and sorrow unify our people, and bestow upon them a uniqueness and a strength without equal. Our outlook is guided by victory in war, but even more by the hope of achieving peace. Tranquility is not yet ours, but the improvement of relations with Egypt shows that peace is possible. And our departure from Lebanon will show that we can secure peace for Galliee from our own border.

Our strength derives from within, from the closing of our ranks, from the bravery of our sons and daughters, from the revitalization of our economy. We shall maintain our defensive strength, and we shall not tire in the search for peace.

We shall always feel the harsh yoke of destiny and the deep hope that accompanies it — the destiny of a people facing enmity and danger and the hope of a people that believes in freedom and that calls for justice.

HERZOG'S INDEPENDENCE DAY MESSAGE

JERUSALEM, April 22 (JTA) -- President Chaim Herzog issued a message marking Israel's 37th Independence Day, April 25. It states, in part:

Very close to our commemoration of the establishment of the State of Israel thirty-seven years ago, the world will be marking the fortieth anniversary of the defeat of Nazi Germany. There is much more than a closeness in time between the two anniversaries; there is an unbreakable bond.

Without the victory over Hitler, the very existence of the Jewish people would have been gravely endangered; the broken survivors in the Camps would not have been rescued; we would not have been afforded the great, new opening given us by the establishment of the State of Israel.

establishment of the State of Israel.

Since then, there have been many landmarks in Israel's history which are all too easily taken for granted. The Magic Carpet from Yemen, the airlift of Iraqi Jewry, the arrival of North African Jewry, the absorption of tens of thousands from the Soviet Union, the Six-Day War, the reunification of Jerusalem, the heroism of the Yom Kippur War, the rescue at Entebbe, and now the absorption of Ethiopian Jewry — all of these signify the greatness of Israel, the new life it has breathed into Jewry, the unexpected reservoirs of strength, talent and daring it has brought forth.

At this hour of celebration, our thoughts go out to our brothers and sisters in the Soviet Union who are denied both the right to live there as Jews and the freedom to join our Jewish family in Israel. We pray that Israel's thirty-eighth year will witness the opening of the gates for them, together with other

oppressed Jewish communities such as that of Syria.

We face painful adjustments in another vital area—
the withdrawal of our forces from Lebanon. We are interested in a sovereign and independent Lebanon, free
of foreign forces on its soil ... We will continue to
work for this, but we will take all steps necessary to
keep our northern towns and villages free from the
nightmare of Katyusha attacks,

We continue to face many difficulties. No society is without its weaknesses, but every society must be judged by the freedom of its population to deal with inadequacies. As we face this struggle, we are aware that, despite the hostility against us in many parts of the world, notably the Communist and Islamic lands, we are not alone.

The closest of our allies are the Jewish communities of the free world. We invite them to implement this partnership by strengthening aliya to Israel, Israel, with all its growing pains and difficulties, is the central Jewish experience, the expression of Jewish at thure as it can be lived only in majority conditions,

PERES TO LAUNCH MONTHLY SERIES OF LIVE' TALKS WITH U.S. AUDIENCES VIA SATELLITE FROM JERUSALEM

NEW YORK, April 22 (JTA) — Israeli Fremier Shimon Peres will inaugurate a monthly series of live conversations with American audiences via satellite TV at 4 p.m. Sunday, April 28 in a special telecast from Jerusalem marking the 37th anniversary of Israel's independence. The program is believed to be the first of its kind in which an Israeli Fremier will speak directly with Jewish and Christian Friends of Israel in the U.S., via TV.

In the New York area, the program will be seen live from 4-6 p.m. on WNYC-TV (Channel 31) and on Monhattan Cable TV and Group W Cable (Channel 3). The Catholic Diocese Network of Long Island will present a delayed version of the hour-long special at 930 p.m. Sunday on Cablevision, Group W and other cable channels in Nassau and Suffolk Countries.

The program will also be seen live in Corpus Christi, Dallas, Houston and San Antonio, Texas. In Los Angeles, the program will be seen on Channel 18 with a three hour delay, beginning at 4 p.m. local

The TV special will open with informal remarks by Peres on the occasion of Israel's Independence Day followed by an interview conducted by three Israeli journalists. At 4:14 p.m. Peres will begin a half-hour conversation with Kenneth Bialkin in New York and Phil Blazer in Los Angeles. Bialkin is schairman of the Conference of Presidents of Major American Jewish Organizations. Blazer is publisher of the newspaper, Israel Today. The final 15 minutes of the hour-long program will originate from Jerusalem.

The program is sponsored by the Israel Government Tourist Office in New York. It is being produced by E-Star — a joint venture of World Communications and General Satellite Services Co. of Israel — and Israel Instructional TV, the educational TV service of Israel. The program is being distributed in the U.S. by World Communications, headed by Gary Worth, president.