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TERRORISTS HELD IN MURDER OF TOURIST
By Hugh Orgel

TEL AVIV, April 29 (JTA) -- Security sources announced Tuesday the arrest of the terrorists who fatally shot British tourist Paul Appelby in the Old City of Jerusalem Sunday and who may be responsible for at least one other murder and two attempted murders of tourists there during the past two months.

The suspects were said to belong to the Abu Moussa faction of the Palestine Liberation Organization, which broke away from the mainstream PLO headed by Yasir Arafat and is reportedly backed by Syria. A Jerusalem magistrates court banned the release of further details.

Appelby, 28, was killed by a .22 caliber bullet fired into the base of his skull as he was about to enter the Garden Tomb, the burial place of Jesus according to Protestant tradition. The same caliber bullet murdered an Israeli businesswoman, Zehavia Ben-Ovadia, in her office near the Damascus Gate on April 13.

The suspects are also believed to have wounded an American Jewish tourist, David Blumenfeld, in the Old City last March 7, and a German woman tourist on April 16. Blumenfeld, a Conservative rabbi from Long Island, is executive director of the New York City Holocaust Memorial Commission. He was shot in the head. The German woman sustained a slight shoulder wound as she and her husband were entering a Christian shrine in the Old City.

LEGAL ACTION DROPPED AGAINST
'KILL A FEW RICH JEWS' OFFICIAL

BONN, April 29 (JTA) -- The State Prosecutor in Dusseldorf has dropped legal proceedings against Count Wilderich von Spee, former Mayor of Korschenbroich, who remarked to the town council's financial committee last year that the way to balance the municipal budget was to "kill a few rich Jews."

The Jewish community concurred in the decision to end the proceedings after von Spee was fined 90,000 Marks (about \$41,000) which he donated to a children's cancer hospital. The Dusseldorf Jewish community had filed charges against him for incitement to racial hatred. But the prosecution concluded that the anti-Semitic remark was an insult to Jews -- for which von Spee was fined -- but not incitement.

Von Spee was forced to resign as mayor when he lost the support of his political party, the ruling Christian Democratic Union (CDU), which initially had defended him. His remark was the subject of a special debate in the Bundestag last month on resurgent anti-Semitism in the Federal Republic of Germany.

TWO ISRAELIS CHARGED IN ARMS
SALE CONSPIRACY DENY INVOLVEMENT
By Hugh Orgel

TEL AVIV, April 29 (JTA) -- Two of six Israelis charged by U.S. authorities with conspiracy to sell more than \$2 billion in American

weapons illegally to Iran, denied in Jerusalem Tuesday that they were in any way involved in a clandestine plot.

Yitzhak Lombrozo, a lawyer, and Yitzhak Hevroni, an ordained rabbi who is financial officer of the Hebron Yeshiva, are among 17 men of six nationalities who were arrested or had warrants issued against them in New York on April 22.

Also named in the charges by U.S. Federal Prosecutor Rudolph Giuliani were Israel and Guri Eisenberg, a father and son who head the Bazalet International Trading Co. (BIT) in Jerusalem, a firm the U.S. says was implicated in the alleged conspiracy. Hevroni is treasurer of BIT.

Arrested in Bermuda April 22 were a retired Israel Defense Force general, Avraham Baram, and William Northrop, who holds dual U.S.-Israeli citizenship. They allegedly flew to the British colony to finalize the arms deal and are being held on charges of violating immigration regulations, pending extradition to the U.S.

Cites Lawful Trade

Lombrozo, identified as "Humposa" in reports from the U.S., is a partner in the Jerusalem law firm of Hadani and Lombrozo. He stepped forward Tuesday to acknowledge that he had drawn up the incorporation papers for BIT last February and insisted it was a legitimate firm engaged in lawful trade.

According to Lombrozo, he also drafted the documents for the arms deal, which he said stated explicitly that any transaction was conditional on authorization by the U.S. and Israeli governments. "It was only a \$400 million deal," Lombrozo said, adding that he had no idea where the \$2.5 billion figure mentioned in the American charges came from.

Lombrozo and Hevroni said Tuesday that they have not been notified by U.S. authorities of any action pending against them. Hevroni said he handled BIT's financial matters and knew the company was engaged in arranging some kind of arms transaction.

However, he stressed, he was positive it was not illegal. If an arms deal were about to be consummated "they (BIT) would have obtained full prior authorization from both the U.S. and the Israeli governments before going through with the deal," he said.

Giuliani, who is the chief U.S. prosecutor for New York, said last week that there is "no suggestion of involvement by the Israeli government" in the alleged conspiracy. The Foreign Ministry and Defense Ministry categorically denied that Israel was involved.

According to Giuliani and U.S. Customs officials, the accused men conspired to sell Iran several hundred F-4 and F-5 jet fighters, 15,000 TOW air-to-air missiles, scores of tanks and helicopters, long-range artillery and C-130 military transport planes in violation of the U.S. arms embargo against Iran. The weapons were to be delivered in Greek ships and were presently stored in Israel and other countries, the U.S. officials said.

HUSSEIN FURIOUS OVER PERES' STATEMENT ON SECRET ISRAELI-JORDANIAN CONTACTS

JERUSALEM, April 29 (JTA) -- King Hussein of Jordan is furious over a statement by Premier Shimon Peres Sunday that "secret contacts between Israel and Jordan" have taken place in the context of quiet diplomacy, Voice of Israel Radio reported Tuesday.

It said the Jordanians lost no time in registering their anger with the Prime Minister's Office in Jerusalem. Hussein was especially unhappy with the publication of Peres' remarks on the eve of an Arab summit meeting scheduled to be held in Fez, Morocco, next weekend. He emphatically denied any contacts with Israel.

Peres cautioned that whatever progress was made with Jordan was characterized by mutual understanding rather than any agreement. Foreign Minister Yitzhak Shamir, the Likud leader, seemed to confirm that contacts had been made when he asserted that they had failed to produce any tangible results.

SHAMIR: HEBRON IS A 'LIBERATED' JEWISH CITY AND WON'T BE RETURNED

By Hugh Orgel

TEL AVIV, April 29 (JTA) -- Foreign Minister Yitzhak Shamir declared Monday that the West Bank Arab town of Hebron was a "liberated" Jewish city and "will never be given back."

Addressing Irgun veterans on the anniversary of the conquest of Jaffa, an Arab city adjacent to Tel Aviv, during the 1948 War of Independence, Shamir asserted: "Just as Jaffa was liberated and not be given back, so Hebron was liberated and will never be given back. It will be a leading city in Israel and in the Land of Israel."

Shamir, the Likud leader who is slated to become Prime Minister under the national unity government's rotation of power agreement that takes effect next October 14, spoke in the same vein in Hebron Sunday, where he addressed Gush Emunim activists.

He told the Irgun veterans that "people can argue today about whether the battle for Jaffa was necessary. But you can't forget that a short time after it was liberated, Jaffa was filled with thousands of (Jewish) immigrants who had nowhere else to live."

Jaffa was seized by forces of the Irgun and of Lehi, also known as the Stern group, which Shamir headed at the time.

LIKUD PROMISES TO EXPAND INVESTMENTS IN JEWISH SETTLEMENTS ANGERS LABOR

By Gil Sedan

JERUSALEM, April 29 (JTA) -- The Labor Party is up in arms over promises made by Likud leaders over the Passover holiday to expand investments in Jewish settlements in the administered territories. Pledges to that effect, especially by Foreign Minister Yitzhak Shamir to Gush Emunim activists in Hebron Sunday, may trigger a new confrontation between the unity coalition government partners.

Labor and its allies in the government made clear that they will not permit Likud to return to the days when "money was poured into the settlements at the expense of development towns" in Israel. Statements by Housing Minister David Levy

and Minister of Commerce and Industry Ariel Sharon indicated that this was Likud's aim.

Amnon Rubinstein, the Minister of Communications, pointed out Tuesday that the coalition agreement specifically banned the creation of a Jewish settlement in the West Bank Arab town of Hebron. The expanded Jewish presence in Hebron was enthusiastically hailed by Shamir. Rubinstein said he would raise the issue when the Cabinet next convenes and would insist that it reaffirm the original position.

Gad Yaacobi, Minister of Economic Planning, said he would ask the Cabinet to investigate reports that the Treasury, controlled by Likud, plans to grant tax reductions only to settlements which have received such reductions for less than 10 years. That would include the bulk of the settlements established during the Likud regime from 1977-1984.

Yaacobi charged this was a transparent attempt to grant benefits to new settlements in the territories instead of to the financially troubled development towns.

HOLOCAUST EXHIBIT IN WASHINGTON

By David Friedman

WASHINGTON, April 29 (JTA) -- Gail Rigler, a member of the Board of Directors of the Second Generation of Holocaust Survivors, was helping to set up an exhibit on the Holocaust in the Rotunda of the Cannon House Office Building Tuesday when she was approached by a woman.

"Why are you all doing this exhibit?" Rigler quoted the woman as saying. "We all know the Holocaust never happened."

"And that's exactly the reason why we are all here today," Rigler said at a ceremony marking the opening of the exhibit which runs through Friday, "to explain not only that it did happen but that it needs to be remembered."

The need to remember was also stressed by the other participants in the ceremony, Carol Lister, New York regional director of the Anti-Defamation League of B'nai B'rith, and Rep. Charles Schumer (D. NY), who sponsored the exhibit.

First Holocaust Exhibit At The Capitol

"If the Holocaust is remembered, if the Holocaust is never forgotten, it will not happen again," Schumer said. He noted that this was the first time a Holocaust exhibit had been displayed at the Capitol and it opened just one week before Yom Hashoah is observed on May 6.

The exhibit includes posters depicting pictures and other documents from the entire Nazi period, 1933-1945 provided by the ADL.

It also includes pictures taken by American soldiers who liberated the camps at Dachau, Flossenburg, Buchenwald, Ohrdruf and Mauthausen, which are part of the archives of the Center for Holocaust Studies in Brooklyn, N.Y. Tuesday was the 41st anniversary of the liberation of the Dachau concentration camp by American forces.

Rigler, who represented the Center, said the pictures were taken by "individual soldiers who felt the need to document what they had seen, to prove that the atrocities indeed did take place." Schumer said that it is hoped that long after the exhibit, its memory "stays with members of Congress" as well as visitors to the Cannon Building.

PREPARING FOR SOLIDARITY SUNDAY

By Kevin Freeman

NEW YORK, April 29 (JTA) -- Anatoly Shcharansky's participation in the annual Soviet Jewry rally here next month is evidence of the effectiveness of both public and private initiatives to aid the plight of Jews in the Soviet Union, rally organizers asserted Tuesday.

"That he is a free man dramatizes and gives strong credence to our belief that persistent public action coupled with private diplomatic initiatives can produce substantive results," Alan Pesky, chairman of the Coalition to Free Soviet Jews, told reporters at a news conference at Dag Hammarskjold Plaza across from the United Nations.

The Coalition, the umbrella agency and resource center for 85 metropolitan area organizations, held the news conference in order to announce plans for the 15th annual Solidarity Sunday for Soviet Jewry. The march and rally traditionally draws tens of thousands of persons and is considered one of the largest annual human rights demonstrations in the world.

Shcharansky, who has served as a leading symbol of the struggle for freedom of Soviet Jews at rallies in past years, will address the huge throng of demonstrators at the May 11 rally. The appearance will mark Shcharansky's first visit to the United States, which is to include a scheduled meeting in Washington with President Reagan.

The long-term Soviet Prisoner of Conscience, jailed for nearly 10 years in the Soviet Union, was recently released in an elaborate East-West exchange of prisoners. He was accused by the Soviets of treason and anti-Soviet activities. A founding member of the Moscow Helsinki Watch group, he first applied to immigrate to Israel in 1973.

No Easing Of Soviet Jewry Plight

Shcharansky's release, and that of other well-known Soviet Jewish refuseniks in the past months does not, however, appear to indicate an easing of the plight of Soviet Jews. According to the Coalition, more than 400,000 Jews have begun the emigration process and of this group, 20,000 have repeatedly been refused the right to emigrate.

"We intend to keep the issue of freedom for Soviet Jews in the spotlight of world opinion," Pesky said. "Our task will not be complete until all are able to enjoy the fruits of freedom." Only 47 Jews were permitted to leave the Soviet Union in March.

The annual rally, according to New York City Deputy Mayor Robert Esnard, "is really about the freedom of all people in the world, whatever their race or ethnic background, that they be able to live in peace and practice their religion, whatever it is."

Esnard also told reporters that "Shcharansky is the greatest example of that, living as he did under terrible oppression." He called the former Soviet Jewish refusenik "a symbol, actually a symbol that we all have some joy in, the fact that ... he will be with us here on May 11." Esnard noted that Mayor Edward Koch spoke with Shcharansky in Israel by telephone on February 16, just after his release, and extended an invitation to him to visit New York.

Joining Shcharansky at the rally on the speaker's podium will be New York's two Sena-

tors, Daniel Moynihan (D) and Alfonse D'Amato (R), John Cardinal O'Connor, and Israel's UN Ambassador, Binyamin Netanyahu. The Coalition sponsors the annual rally.

SCHOLAR REPORTS IMPROVEMENT IN CHINESE ATTITUDE TOWARD ISRAEL

JERUSALEM, April 29 (JTA) -- There has been a dramatic decrease in the criticism of Israel by the People's Republic of China, and there are even unofficial relations between China and Israel, but there has been no change at the official level regarding possible establishment by China of formal diplomatic relations with Israel.

The assessment was presented by Dr. Yitzhak Shichor of the Hebrew University's Department of East Asian Studies at an international workshop on China and Japan held earlier this month at the university's Harry S. Truman Institute for the Advancement of Peace.

The Chinese press is now reporting about events in Israel more objectively and with less hostility than previously, he said. There has also been a change in what they say about Israel's right to exist, he noted. This was never denied in the past, but now Chinese officials are supporting this right openly and even talking about a just, all round solution to Middle East problems, which will also take Israel into consideration, said Shichor.

Shichor also noted that China has recently become the greatest supplier of weapons and military spare parts in the Middle East, and one of the reasons for China's lack of interest in diplomatic relations with Israel is that it does not want to harm the military and strategic relations which have been so carefully cultivated with a number of countries in the Middle East.

Japan's Attitude Toward Israel

Dr. Ben-Ami Shillony of the Hebrew University's Department of History surveyed Japan's attitude toward Israel and the Middle East. Not having any great power ambitions, Japan is influenced by three main factors with regard to the Middle East: its dependence on Middle Eastern oil; its pro-Western orientation; and its view of the Soviet Union as its main potential enemy.

Japan's policy in the Middle East has been one of support for the Arabs without harming Israel, and of keeping its relations with Israel in "low profile," said Shillony. He noted that Israel does not have a very positive image among the Japanese public and said this was the result of unsympathetic media presentation.

TEL AVIV (JTA) -- Israelis will be without newspapers for two days this week because of the coincidence of holidays. The last day of Passover, Wednesday, will be followed by May Day, Thursday, an international labor holiday. Publication of newspapers will be suspended on both days. But Histadrut has not called for a general work stoppage Thursday because of the economic situation. Workers have been asked merely to "demonstrate solidarity with the international labor movement" on May Day. Nevertheless, Histadrut's Bank Hapoalim will be closed Thursday as will all post offices except the main branches in Tel Aviv, Jerusalem and Haifa.

**SPECIAL INTERVIEW
AFTER THE ROTATION**

By Yitzhak Rabi

NEW YORK, April 29 (JTA) -- The Secretary General of Israel's Labor Party, Uzi Baram, said he believes that the rotation agreement between Labor and Likud, will take place as planned on October 14. But he did not rule out the possibility that the unity government could fall after Foreign Minister Yitzhak Shamir replaces Prime Minister Shimon Peres.

"Look, there is a rotation agreement between Labor and Likud, and the agreement must take place," Baram said in a special interview with the Jewish Telegraphic Agency. "Am I sorry about it? Yes, I am," Baram said, adding, "In fact, almost all the people of Israel are sorry."

Baram, who has just concluded a 10-day visit to the U.S., noted that the unity government, which was established 19 months ago, "is like any other government. This government is not immune to crises in the future."

He said that in case of disagreements between Labor and Likud in the future, "Labor may walk out of the government." Baram stressed that the unity government and the rotation agreement are based on basic guidelines agreed to by Labor and Likud. "If these guidelines are not adhered to after Shamir becomes Premier, Labor can act as it deems," he said.

Baram said that it became clearer than ever that the Likud is not fit to govern Israel, after the Likud convention last month ended in chaos. "Shamir does not even enjoy the support of the majority in his own party," Baram said. "A future Premier who leaves his own party convention under police protection cannot effectively govern the nation," Baram claimed. "In my opinion, the logical solution is to call for general elections, and the sooner the better."

Baram highly praised Peres' leadership and his performance as Premier. "Peres has almost reached the position of a national leader," Baram said, claiming that Peres not only guided the nation toward economic recovery but also created a "new climate regarding Israel's international position. Peres created a moderate image of the country in the eyes of the world, despite the hawkish elements in the unity government."

Baram, who also serves as chairman of the Golda Meir Association in Israel, an organization devoted to combatting extremism and racism in Israeli society, expressed concern over the growth of intolerance and extremism in the country, a phenomenon, he observed, which is manifested in the support among a growing number of young Israelis for groups such as Rabbi Meir Kahane's Kach Party.

Baram said he is concerned that in the 1988 general elections in Israel, ultra-nationalist groups that advocate the expulsion of the Arabs will gain more votes from young Israelis. He called for the support of American Jews to help fight the phenomenon of extremism and racism in Israel.

**BEHIND THE HEADLINES
BRITAIN IS SEEKING A DIFFERENT
APPROACH TO THE MIDEAST CONFLICT**

By Maurice Samuelson

LONDON, April 29 (JTA) -- Strongly criticized for supporting the U.S. air strike against Libya, the British government is trying to restore

its credibility by urging Washington to boost efforts to tackle the roots of the Middle East conflict.

This has emerged in official press briefings last week as mass demonstrations took place both in Britain and on the continent over the Libyan affair.

It was pointed out that Prime Minister Margaret Thatcher would be raising the Middle East situation with President Reagan when the two leaders meet at the Tokyo economic summit next week. While supporting the attack on Libya, Britain is simultaneously critical over what it sees as America's lack of urgency towards continued peace efforts.

This attitude may also be displayed during Thatcher's visit to Israel in the second half of next month. The British Foreign Office is believed to be anxious lest Britain appears to have thrown in its lot entirely with the Americans or, even worse, with the Israelis.

This, it is suggested, compromises not only Britain's own international standing but also that of the European Economic Community, which for years has aspired to a separate posture on the Arab-Israeli issue.

Although the Israelis are likely to applaud Thatcher's stout support of the Americans, during her visit she is therefore likely to repay them with emphatic statements on the need for Palestinian self-determination and with calls to evacuate the bulk of the West Bank and Gaza Strip in exchange for peace.

In the last few days, Britain took the lead in urging her 11 EEC partners to take steps against Libya, such as closing her People's Bureaus (Embassies) and restricting the movements of Libyan nationals.

This achieved a measure of success last week when EEC Ministers, meeting in Luxembourg, agreed on a package of anti-Libyan measures, despite hesitations by Greece, the EEC's most pro-Arab country. Britain announced last Friday that it was curtailing the studies of more than 300 Libyan airplane, engineering and maintenance students and a number of airline pilot trainees. The announcement warned that the students would be deported if they do not leave voluntarily.

Other European nations took similar anti-Libyan steps. In Paris, the Defense Ministry said it would reinforce anti-aircraft missile defenses on the Mediterranean coast to guard against possible Libyan attacks. The French government also announced that it would reduce the number of Libyan diplomats in the country.

In Madrid, the government ordered the expulsion of three Libyan diplomats and eight Libyan teachers and students. It said that eight other Libyans were being expelled for security reasons. In addition, West Germany, Denmark, Luxembourg, Belgium and The Netherlands have announced plans to expel Libyan nationals.

Britain's most persuasive argument was the threat that lack of EEC action against Libya would increase the likelihood of further American military action, a prospect which some EEC states seem to regard with almost as much horror as further terrorist outrages on their own soil.

Here in Britain, the doubts about the American air strike on Libya are not limited either to opposition parties or to large sections of public opinion. They are also prevalent among sections of Thatcher's own party and senior members of her Cabinet.