

**BUSH NAMES QUAYLE AS VEEP;
CONSIDERED STRONG ON ISRAEL**
JTA Staff Report

NEW YORK, Aug. 16 (JTA) -- George Bush's choice for his vice presidential running mate is a youthful lawmaker known among Jewish voters for his generally strong support for Israel and staunchly conservative domestic views.

Indiana Sen. Dan Quayle, 41, is serving his second term as senator, having ousted the liberal Democratic incumbent Sen. Birch Bayh in 1980. Prior to serving in the senate, he served two terms as a congressman.

Jewish observers describing Quayle as a supporter of Israel point to his role as a member of Senate Armed Services Committee.

In New Orleans, the American Israel Public Affairs Committee said Quayle is a "leader in advancing strategic cooperation" between Israel and the United States.

Most significant, said AIPAC, is Quayle's backing of the Arrow 2 anti-tactical ballistic missile research underway between Israel and the United States under the U.S. Strategic Defense Initiative or "Star Wars" program.

Also, according to AIPAC, is his support of the Popeye air-to-ground missiles, which the Air Force's Strategic Command is considering mounting on its B-52 bombers.

According to AIPAC, Quayle helped lead legislative efforts to designate Israel as a non-NATO ally of the United States; supported legislative efforts to move the U.S. Embassy from Tel Aviv to Jerusalem; and voted to establish the free trade area between the two countries.

He also supported legislation to close the Palestine Liberation Organization's U.S. offices.

David Brody, Washington representative of the Anti-Defamation League of B'nai B'rith, said Quayle's record has been "one of support" for Israel.

He said Quayle has spoken both to ADL's national body and the local chapter in Indiana. He has a "good relationship with the community there," said Brody.

Brody quoted Quayle as saying the United States has no closer ally in the Middle East than Israel, and as expressing concern about the missile threat to Israel from Iraq, Iran and Libya.

However, his record on foreign aid is mixed. Quayle was one of 15 senators who voted against the fiscal '89 Foreign Aid Appropriations Bill that included \$3 billion in aid to Israel.

In 1986, he voted not to sustain the presidential veto of a major arms sale to Saudi Arabia.

Quayle has defended these votes by saying he is opposed to high levels of foreign aid, and not aid sent specifically to Israel.

In Indiana, Jews there have been "pleasantly surprised" by the senator, according to one Jewish community leader in Indianapolis.

Quayle drew little Jewish support when he ran against Bayh in 1980. But his popularity increased among Jewish voters by the time he was re-elected in 1986, the leader said.

Irwin Rose, a Jewish businessman in Indianapolis and a member of Quayle's statewide finance committee when he ran for re-election, called the senator "very good on our issues."

THE KLAU LIBRARY

CINCINNATI

APR 19 1988

"He understands the military and political situation in the Middle East," said Rose. "He understands Israel's need for a strong defense."

According to Rose, Quayle reached out to Indiana's small Jewish community during his first term, despite drawing little of their support in the 1980 election.

One of his closest advisers in those years was Lester Rosen, his administrative assistant and unofficial liaison to the Jewish community.

Quayle is also known for his support of free emigration for Soviet Jews, according to Dr. Marcia Goldstone, executive director of the Indianapolis Jewish Community Relations Council.

Along with fellow Republican Indiana Sen. Richard Luger and the state's ten-member congressional delegation, he serves on the Indiana Congressional Delegation for Soviet Jewry and marched in December's Freedom Sunday rally in Washington.

But while acknowledging that a number of Jews have joined the Republican ranks in Indiana during the last few years, Goldstone said Quayle's domestic agenda may temper Jewish enthusiasm for his record.

"On church-state issues, for instance. We don't favor prayer in schools, and the senator does not support that position. We are overwhelmingly pro-choice, he is not," said Goldstone.

Quayle's voting record on domestic issues shows him to be an unwavering disciple of the Reagan years. He is an opponent of abortion and has voted consistently anti-choice during his tenure.

Quayle supports the death penalty, opposes gun control and voted to confirm Robert Bork for the Supreme Court seat eventually filled by Anthony Kennedy.

Quayle also was one of 42 senators who voted against the 1987 amendment that allowed armed services personnel to wear yarmulkes while on duty. And in March, he was one of 24 senators who voted against the Civil Rights Restoration Act.

Quayle, who is married with three children, belongs to the Bible Church, a fundamentalist Pentacostal church.

In New York, Rabbi Mark Tanenbaum, international affairs director of the American Jewish Committee, said Bush's choice was probably "his effort to tap into the Evangelical movement that would have gone to Pat Robertson, so that they don't feel left out."

(Andrew Silow Carroll and Susan Birnbaum in New York, David Friedman in New Orleans and Howard Rosenberg in Washington contributed to this report. The story was written by Mr. Carroll.)

**LIKUD MINISTERS SET TO PARLEY
ON SHARON'S CALL FOR ANNEXATION**
By David Landau

JERUSALEM, Aug. 16 (JTA) -- Likud ministers were scheduled to meet here Wednesday to discuss Ariel Sharon's current proposal that Israel formally annex sections of the West Bank.

Premier Yitzhak Shamir indicated Tuesday that he had no objection to such a discussion. According to some of his aides, however, Shamir

feels Labor's opposition to annexation would prevent it from getting the broad national consensus it requires to be implemented.

Sharon, the minister of commerce, presented his proposals earlier Tuesday at a press conference in Jerusalem.

Using a map of the Allon Plan -- Labor's longstanding territorial compromise scheme for Judea and Samaria -- Sharon said that the areas incorporated under the Allon Plan, along with other areas "required for security," should be annexed forthwith as a response to King Hussein's decision to sever Jordan's ties with the territories.

According to knowledgeable sources, Sharon appeared to be proposing the annexation of close to half of the West Bank.

Sharon, who uses the term "apply Israeli law" rather than "annex" when referring to his plan, insisted that he was not in effect proposing the abandonment of the Camp David Accords, nor provisions for Palestinian autonomy contained in the accords.

Regardless of Camp David, he said, autonomy would not apply in the entire area.

"For instance, could we weaken our position in the area overlooking our only international airport?" he asked rhetorically, referring to areas of the West Bank that straddle the pre-1967 border near Lod.

Sharon urged national unity on this issue. "Let us transcend party politics," he declared.

The commerce minister dismissed reports that his proposals have caused discord within the Likud, since both Shamir and the party's official platform remain faithful to Camp David.

Sharon said that at Shamir's advice, he discussed his proposals with Labor leaders, but without success.

Key Labor figures told the Jewish Telegraphic Agency that Sharon's plan, if implemented, would inevitably cause an instant break in relations with Egypt, since the plan was tantamount to a massive breach of Camp David and hence of the peace treaty between Israel and Egypt.

They said the United States would doubtless react with grave hostility to any Israeli move along the lines suggested by Sharon.

TWO ISRAELI PILOTS DIE IN CRASH OVER DESERT

By Hugh Orgel

TEL AVIV, Aug. 16 (JTA) -- Two veteran Israel air force pilots were killed over the Judean Desert-Dead Sea area Monday, when their F-15 fighter jets collided on a routine training exercise, according to a spokesman for the Israel Defense Force.

Lt. Col. Ram Koller, 36, of Tel Aviv and Major Ehud Polk, 33, of Kibbutz Merhavaya, were buried Tuesday in their hometown cemeteries.

The mid-air accident occurred when the planes were flying wing to wing at very close quarters and the two wing tips struck each other. Eyewitnesses said the aircraft plummeted to the ground in a large fireball.

One of the pilots was said to have died instantly in the collision, while the other managed to eject his parachute seat but was badly wounded and died on the way to the hospital aboard a helicopter.

Three Bedouin women were slightly injured when the main wreckage impacted a short distance from their encampment.

Commanding officer Maj. Gen. Avihu Bin-Nun immediately set up a commission of inquiry of seven experts to investigate the accident.

This is believed to be the first accident involving one of the 50 U.S.-built F-15 fighter aircraft in service in the Israeli air force.

ARMY CRACKDOWN ON GAZA EXTENDS TO SECOND DAY

By Gil Sedan

JERUSALEM, Aug. 16 (JTA) -- A general curfew in the Gaza Strip continued Tuesday for the second consecutive day, as the Israel Defense Force tried to grab the initiative in the Palestinian uprising with an aggressive new security policy.

The policy is intended to discourage ongoing strikes and rioting, to crack down on the popular committees organizing the "intifada," and to prevent nationalist Palestinian circles from filling in the vacuum that was created by Jordan's decision to sever administrative links to the territories.

Despite the curfew, limited riots continued in the territories, and spread to the Ketzioz detention camp in the Negev.

Two prisoners were killed and one slightly wounded from shots fired by IDF soldiers during rioting by hundreds of detainees in the desert camp.

The army closed off the Gaza Strip entirely. No newsmen were allowed in, and reports on the area were based almost entirely on Arab sources.

Army sources did not confirm reports of large numbers of wounded in the Gaza Strip.

A laconic communique said that, by and large, the curfew was observed, and that the few attempts to break it were suppressed.

But Arab sources reported that dozens of wounded were admitted to Shifa Hospital in Gaza, reportedly beaten by IDF soldiers for breaking the curfew.

One 63-year-old resident of the Shati refugee camp was brought to the hospital already dead.

Arabs claimed he was suffocated by tear gas, but military sources said they could not confirm the claim. An autopsy was ordered.

By Tuesday night there was no indication how successful the security forces have been in restoring order to the Gaza Strip, nor how long the general curfew would continue.

Meanwhile, an army spokesman announced Tuesday that the security forces recently infiltrated a number of terrorist cells in the Hebron and Bethlehem regions.

One of the cells was allegedly responsible for a number of petrol bomb attacks and arson directed against automobiles.

Others are suspected of murdering an Arab policeman in the town of Beit Jala, throwing grenades in Hebron and placing explosives in several places in Israel, including Jerusalem's Gilo neighborhood.

The army also announced Tuesday that a division commander, suspected of killing an Arab during a riot four months ago contrary to regulations, has been removed from his command.

The officer, a colonel, will face a disciplinary hearing before the deputy chief of staff.

According to Israel Television, the officer was charged with chasing and shooting a resident of the village of Bani Naim near Hebron, following a local demonstration.

NEW JERSEY MAN KILLED IN TEMPLE IN "LAS VEGAS NIGHT" BREAK-IN

By Andrew Silow Carroll

NEW YORK, Aug. 16 (JTA) -- Two masked gunmen shot and killed a New Jersey man as they attempted to rob an unlicensed "Las Vegas Night" at an Orthodox synagogue in Queens, N.Y., according to police.

Michael Rubin, 49, of Freehold, N.J., was shot in the chest at 1:30 a.m. Monday, one half-hour after gambling had ended at Young Israel of New Hyde Park, near Bellrose, N.Y., police said. He later died at Long Island Jewish-Hillside Medical Center.

Rubin, a former member of the synagogue, was one of approximately 15 or 20 workers cleaning up after the event.

According to Lt. Kevin Heffernan of the 105th Precinct in Queens, Rubin had just been paid and was shot either while trying to close the door on the two intruders or when caught in the entrance as they forced their way in.

Rubin managed to run down the steps to a storage room before collapsing. The gunmen, meanwhile, grabbed and robbed two other workers, a male and a female. In the ensuing panic, said Heffernan, the remaining workers fled the synagogue.

Heffernan said police could not determine how much money, if any, was taken. "People are not 100 percent forthcoming about how much money they're making" running gambling fundraisers, he said.

"We don't know if (the gunmen) got the proceeds from the Las Vegas Night or not," Heffernan said. "There's some confusion who ended up with it."

Rabbi Meyer Belitsky, the synagogue's rabbi, was reportedly out of town Tuesday, and no one else was available for comment.

Heffernan said the synagogue had been licensed to run games of chance only through June of 1986. He said the congregation rents the synagogue hall to an outside contractor who conducts the games Wednesday and Sunday nights.

Rabbi Ephraim Sturm, executive vice president of the National Council of Young Israel, said the New Hyde Park synagogue is the only congregation within the 280-member Young Israel movement that still holds Las Vegas Nights.

"It's certainly not encouraged by the movement, and we didn't even know about this kind of thing" until accounts of the shooting appeared in the newspapers, he said.

A police spokesman said investigators into the shooting had little to go on at the present time. "It's going to be tough" to solve, he said.

HUMAN RIGHTS FEDERATION RAISES PLIGHT OF SYRIAN JEWS AT U.N. MEETING

By Tamar Levy

GENEVA, Aug. 16 (JTA) -- The plight of Syrian Jewry has become the subject of a United Nations committee meeting here.

The International Federation of Human Rights, which is based in Paris, on Tuesday submitted a dossier on the Syrian Jewish problem to the United Nations subcommission on human rights.

An estimated 4,000 Jews remain in Syria today, down from 30,000 in 1948.

The Jews there live in three cities -- Damascus, with over 3,000; Aleppo, with 800; and less

than 200 in Qamishli.

The report says the Jews are under constant police surveillance, and that their religion is written in big letters on their identity cards.

A book on religion, published in Syria in 1963 by the Ministry of Education, calls the Jews "the enemies of humanity." Their schools are under the direction of a Moslem.

They are forbidden to emigrate, says the report, in violation of the Universal Declaration of Human Rights, signed by Syria at the United Nations in 1948. The report listed nine Syrian Jews imprisoned for having tried to leave the country.

The Paris-based human rights federation requested that the subcommission launch an appeal to the Syrian government to liberate the Jews in prison, authorize the emigration of those Jews who so choose, and respect the clauses of the human rights declaration.

Dr. George Gruen, director of Middle East Affairs of the American Jewish Committee in New York and a specialist on the subject of Syrian Jews, said several prisoners have been released since the report came to the West.

Remaining in prison are:

- * Ibrahim Laham, 43, and his son, Yehya Ibrahim Laham, 16, who were arrested three months ago with the rest of their family while trying to leave the country. The father's parents are permitted to visit once a month.

- * Zaki Mamrud, arrested five months ago.

- * Ely Sued, 31, was arrested at Damascus airport upon returning to Syria, after visiting his family in Turkey. No one is authorized to visit him, and nothing has been heard from him in the last four months, according to the report.

- * Ely's brother, Selim Sued, 45, father of six, was arrested in his pharmacy one month prior to his brother's arrest.

In addition, said Gruen, another Syrian Jew was arrested since: Jacques Lallo, 50, a Damascus clothing store owner who was picked up in early July on suspicion of planning to leave illegally.

Signed Universal Declaration

There are other Jews in jail on economic crimes, said Gruen, but it is not known whether they have been singled out as Jews.

Gruen said leaving Syria "would not be a crime if the Syrians adhered to the Universal Declaration of Human Rights as well as the International Covenant on Civil Rights, to which they had committed themselves."

The Paris dossier also listed two women, one a minor, who were reportedly "married by force" to non-Jews: Tune Mayor, 24, "married by force to the son of an officer in the Syrian army without her parent's consent," and Latifa Dankoury, 17, "married by force to a Palestinian neighbor, without her parent's consent."

Gruen said, however, that "this is not so," and that in fact the young women wanted to marry these men. The "force," he said, was "force of circumstance" because of no suitable Jewish marriage partners in Syria.

He added that since the marriage of Tune Mayor, the chief rabbi of Damascus, Ibrahim Hamra, and the Moslem qadi were able to convince Mayor and her husband to have the marriage annulled. The couple had been married in civil ceremony.

Dankoury, however, married "the boy next door," according to Gruen, and "that marriage continues." Her husband is Christian, Gruen said.

daily Davar, determined a three-fold process that occurs in the occupier's psyche, beginning with development of a "political-military doctrine" within the army's ranks.

He found that this was followed by development of a "self-image crisis" among the soldiers, which finally leads to a "crisis in civil-military relations."

Peri found this last problem most pronounced in a "citizen's army" where a majority of citizens do military service.

The problem is exacerbated, he said, when there is a division of opinion regarding the occupation, and the subsequent resentment of the army's actions by a segment of society.

Without general societal support for the military, the army is compelled to take a more extreme stand, which aggravates the situation.

Peri described the potential for "severe clashes with the government" when an army begins to veer from the government position following a long period of occupation, especially when confronted by rebellion within the populace.

In its extreme, he said, such tension between army and government could lead to a "full-fledged military coup."

Peri analyzed the behavior of individual soldiers in occupying armies and found that lengthy occupation, in situations of local opposition, could produce demoralization and what he calls the "pin-head syndrome," a tendency to keep a low profile and avoid responsibility.

Settlers In The Territories

One factor which was present prior to the uprising, and which makes this occupation similar to other occupations in the world, is the presence of Israeli settlers within the territories, forcing the military to become politicized, Peri reports.

But "twenty years of relative calm came to an end with the outburst of the intifada, a development which has influenced the whole military structure in the territories.

"The Palestinian rebellion resulted in an explosion of controversy, which caused some of the characteristics of other occupying armies to surface in the IDF."

Peri writes that the present situation of rebellion in the territories demands anti-subversive warfare measures, but that the implementation of such measures is difficult.

"Some of these measures, e.g. 'the beating policy,' have been greatly opposed by many citizens, and this has led to a weakening of the consensus," he said.

"Soldiers are experiencing conflicts of conscience while serving in the territories, and the number of conscientious objectors is on the rise."

He ends on a pessimistic note. "It is certain that the situation will never return to what it was before December 1987 . . . for the most part, damaging effects will or will not develop in the IDF depending on the level of subversive warfare, whether the consensus remains strong within Israeli society, and most important, what will be the political solution to the crisis, advocated by the government."

FIRES DESTROYED 37,500 ACRES

By Hugh Orgel

TEL AVIV, Aug. 18 (JTA) -- Since the beginning of April, there have been 1,400 fires in Israel that have destroyed 2,500 acres of planted

forests, more than 10,000 acres of natural forest and 25,000 acres of grazing land and uncultivated fields.

According to the Jewish National Fund, there has been a decline in such incidents in recent weeks. However, last week there were 23 fires that destroyed 250 acres of natural forest land across Israel.

F-15 BLACK BOXES LOCATED

By Hugh Orgel

TEL AVIV, Aug. 18 (JTA) -- Israel's air force crews have located the black boxes of the two F-15 jet fighters which collided and crashed Monday over the Judean desert area.

The crews continued searching Thursday for additional parts.

An interim report on the accident will be submitted Friday to the commander of the air force, Brig. Gen. Avihu Bin-Nun.

SHULTZ EXPRESSES HOPE FOR ARAB-ISRAELI PEACE SETTLEMENT

By David Friedman

NEW ORLEANS, Aug. 18 (JTA) -- Secretary of State George Shultz told a Jewish audience here Wednesday that he is certain a Middle East peace can be achieved if only Israel and the Arab countries were to begin direct negotiations.

"I feel it in my bones from talking with people of all shades of opinions in Israel and in Arab countries, that if we can ever get there, to honest-to-goodness, good-faith negotiations, there is an answer there to be found," he said.

Shultz spoke at a reception for present and former members of President Reagan's cabinet, sponsored by the National Jewish Coalition.

The secretary said "peace will only come through direct negotiations," although he conceded he has still not found a way to bring it about.

"But we have to be willing to try all kinds of ways to get to direct negotiations," Shultz said.

"It may be that we have to pass through an international conference, as long as it's the right kind of international conference," he said. "It may be that we don't have to do that."

There are many different ideas for bringing about negotiations," Shultz said. "But the ideas that will work are the ideas that the parties directly involved find for themselves," he stressed.

Shultz offered his own proposals, which he first enunciated last spring and for which he has made four unsuccessful trips to the Middle East this year.

First, he said, was to begin a period of transition for the West Bank and Gaza Strip immediately, and then to start soon afterwards with the final status negotiations.

"It is important to keep working, to keep thinking and to stay involved and engaged in the process, as we have been in the United States and I am sure we will continue to be," Shultz said.

Shultz expressed appreciation "for all of the help, advice, arguments and good discussions we have had back and forth."

He said the "friendship and the warmth I feel for you is very deep and is one of the things I will carry away from this role as secretary of state and will cherish all my life."

ANTI-SEMITISM IN ARGENTINA THREATENS BOTH JEWS AND GOVERNMENT, SAYS ADL

NEW YORK, Aug. 16 (JTA) -- The bad news in Argentina is that anti-Semitic, right-wing extremists there are threatening both Jews and the Argentine government, according to the Anti-Defamation League of B'nai B'rith in the current issue of its Latin American Report.

The good news is the passage of civil rights legislation there that will provide severe penalties for attempts to discriminate on the basis of race, religion, sex, ideology or social status, a move hailed by ADL's parent organization, B'nai B'rith International.

B'nai B'rith in Argentina and internationally had lobbied hard for the sweeping landmark legislation that will provide stern punishment for discriminatory behavior. The bill passed both the Senate and Chamber of Deputies and was headed for President Raul Alfonsin for his signature.

Marcos Nizevenky, president of B'nai B'rith Argentina, saluted the passage of the legislation, "which strengthens the fabric of pluralism and democracy."

Nonetheless, the news of anti-Semitic and other right-wing extremist activity in Argentina is unsettling. Alfonsin, in a recent radio and television address, said that "Nazis and extremists of every type . . . have brought this country to within one step of a coup."

Alfonsin declared, however, that "democracy will not be destroyed." He promised that the "only ones to be destroyed are the Nazis and ultras of any kind who try to create confusion, uncertainty and fear -- and then sit down and wait for democracy to be overthrown."

The article in Latin American Report also mentions recent remarks by Dr. David Goldberg, president of the DAIA, the representative body of Argentine Jewry.

Seeds Of Chaos

Goldberg said that the neo-Nazi organization Alerta Nacional (national alert) "has moved from anti-Semitic actions to terrorist violence . . . (and) its only interest is to plant the seeds of chaos in order to break the peace and therefore fracture the democratic process of the nation."

According to the ADL report, "The relationship between anti-Semitism and right-wing extremism is evident."

It cites the discovery in June of two right-wing terrorist cells in the province of Cordoba. Several members confessed to having bombed the newly dedicated Plaza of the Republic of Israel and a store which they thought was owned by a Jew.

The find also unearthed plans to attack leaders and members of the Jewish community in Cordoba, which is Argentina's second largest. Also on the terrorists' hit list was the Argentine-Soviet Cultural Exchange.

The DAIA said that "behind the attacks on the (Jewish) community is concealed a clear strategy to attack democratic institutions."

On March 30, 200 ultranationalists assembled in Buenos Aires' Plaza de Mayo to demand the immediate release of Lt. Col. Aldo Rico, who was imprisoned after an unsuccessful coup attempt last year.

The group chanted "death to traitors, cowards and Jews" and called for "an end to the Radical synagogue."

The ADL report says that Alejandro Biondini,

the leader of the Alerta Nacional, was among those who led the chanting of anti-Semitic slogans.

Biondini's aide, Luis Alberto Vera, was shot dead April 6 by police when he threatened them with a hand grenade as they tried to arrest him.

In Vera's room were found extreme right-wing literature, ammunition and more than two pounds of explosives, connecting Vera with bombings in downtown Buenos Aires.

Biondi subsequently threatened a five-for-one revenge of death for every one of his group that is killed.

Argentine police chief Gen. Juan Pirker described Biondini's threat as "a general call to violence."

The National Council of the Justicialist Party, a Peronist party, publicly denounced the Alerta Nacional's "anti-democratic and totalitarian preaching which exalts racism and anti-Semitism," and initiated legal proceedings to prevent the group from using Peronist traditional symbols.

The National Council of Attorneys disavowed any present or past association with the right-wing group.

The ADL report states that "The Alfonsin administration has undertaken several initiatives to strengthen democratic forces and curb anti-Semitism and other forms of discrimination," including the anti-discrimination law.

In addition, says the report, the Argentine government has created a National program of Democratization of the Culture to expedite better social relations in Argentina.

VANDALS STRIKE SWISS HOLOCAUST WALL

By Tamar Levy

GENEVA, Aug. 16 (JTA) -- Vandals struck Sunday night at a memorial wall to the victims of the Holocaust that stands in front of a synagogue in Lausanne, Switzerland.

The vandals defaced the wall by spray-painting a Star of David and the word "lies."

The revisionist vandals also struck at the kosher butcher shop, again spray-painting the Jewish star and "lies."

The rabbi of Lausanne, Dr. G. Vadnaj, told the media he was shocked to learn that anti-Semitism existed in Lausanne in 1988. He added that, for his part, he saw it as deeds perpetrated by revisionists.

But Lausanne has a long tradition as a hotbed of anti-Semitism and right-wing activity in Switzerland.

Mariette Paschoud, revisionist historian, high school teacher and Swiss military judge who made headlines in 1986, is from Lausanne, as well as the Nazi banker Francois Genoud.

COST OF LIVING UP SLIGHTLY

By Hugh Orgel

TEL AVIV, Aug. 16 (JTA) -- The cost-of-living index rose by a low 0.1 percent in July, the Central Bureau of Statistics reported Monday.

The cost-of-living increase was kept low by a 5 percent seasonal drop in the price of fruit and vegetables.

The low figure was hailed by the Treasury, the Histadrut and the Employers Association, all of whom had anticipated a cost-of-living increase of 0.3 to 0.5 percent for the month of July.

The annual rate of Israel's inflation is expected to be about 16 percent this year.