

**SHAMIR REPORTED TO BE CONSIDERING  
EGYPTIAN MEDIATION OF PEACE TALKS**

By Howard Rosenberg

WASHINGTON, Dec. 29 (JTA) -- The United States on Thursday welcomed details of Prime Minister Yitzhak Shamir's new peace offensive that have emerged in press reports, but said it had not officially been presented with a formal peace plan.

Press reports from Israel on Thursday quoted Shamir as saying that he would like to see Egypt mediate talks between Israel and a joint Jordanian-Palestinian delegation. The talks would have the blessing of the United States and the Soviet Union.

An Israeli newspaper also reported that Foreign Minister Moshe Arens would meet with his Egyptian counterpart, Esmat Abdel Meguid, on Jan. 8 in Paris, where they will be attending an international conference on chemical weapons.

There was no confirmation of these reports from official government agencies in Israel.

U.S. Secretary of State George Shultz will also be in Paris to attend the conference, the State Department announced last week.

Officials at the Israeli and Egyptian embassies here said they could not confirm reports of a meeting between Arens and Meguid.

But Egyptian Embassy spokesman Mohammed Wahby said that if Meguid is in Paris with Arens "within the framework of the normal relations" between Egypt and Israel, "they should meet." Egyptian foreign policy includes "encouraging all contacts with Israel," he added.

**Not The Time For 'False Proposals'**

Wahby said Shamir's peace ideas are still in "outline" form. "He has not given us the details," he said.

Similarly, a State Department source said Likud members of government have recently discussed a "series of ideas not necessarily coalesced into a specific plan."

According to the source, Shamir's formula is modeled on the 1978 Camp David peace accords, which specify a three- to five-year interim autonomy period for Palestinians in the administered territories, during which negotiations for the final disposition of the territories would take place.

State Department spokeswoman Phyllis Oakley had no comment Thursday about any new Shamir peace initiative. But a department source said, "We welcome ideas by the parties that would advance the peace process. If this idea would advance the peace process, certainly we would welcome it."

However, the source added that this is not a time for "false proposals" that are "not serious and are not designed to move the process forward."

The latest twist to Middle East diplomacy follows Egyptian President Hosni Mubarak's offer last weekend to visit Israel if such a meeting would yield substantive progress toward resolving the Arab-Israeli conflict.

Later, close aides to Mubarak indicated that the Egyptian leader would visit Israel only after the Jewish state was willing to enter a dialogue with the Palestine Liberation Organization.

Wahby played down that statement Thursday, saying Mubarak's main precondition for visiting Israel was that it be more than a "ceremonial visit." He said Mubarak is willing to do what is necessary to achieve peace, "include going to Israel."

Mubarak's proposal was "very open-ended" and "does not seem to have elicited the response that we expected," Wahby added.

"Unfortunately, things got a little bit complicated," he said. "But at the same time we still hope that all avenues toward peace would be explored."

There was no immediate comment from the Israeli Embassy here.

**IDF KILLS THREE TERRORISTS  
WHO INFILTRATED FROM EGYPT**

By Hugh Orgel

TEL AVIV, Dec. 29 (JTA) -- An Israel Defense Force patrol killed three suspected infiltrators from Egypt in the Negev Wednesday and is still conducting an extensive search for a fourth suspect who escaped.

An IDF spokesman said evidence was discovered Wednesday that the four people breached the Israel border from Egyptian territory.

After the alert, a patrol spotted a suspicious looking vehicle traveling northward from a location south of Mitzpe Ramon.

The car was ordered to stop. When it tried to escape, the patrol opened fire, killing three of the four people inside.

The infiltrators have not yet been identified, the IDF spokesman said, and no weapons or documents were found with them.

The incident snarled traffic in the Negev, forcing the closure of the main highway to Eilat for some time Wednesday.

**ISRAEL ATTACKS LEBANESE BASES  
SAID TO LINK AMAL WITH INFILTRATORS**

By Hugh Orgel

TEL AVIV, Dec. 29 (JTA) -- Israeli helicopter gunships attacked a target in southern Lebanon Thursday morning said to be linked to the most recent terrorist attempts to infiltrate Israel.

The attack came amid growing suspicion here that the attempts were aided by Amal, the mainstream Shiite militia in Lebanon, which may have begun to cooperate with Palestinian terrorist groups with whom it was at war until recently.

The infiltrators were identified by Israel as members of radical Palestinian groups that the FBI believes may have been linked to the bomb that destroyed a Pan American jumbo jet over Scotland Dec. 21.

The attack helicopters returned safely to their base. Their target was located in Sultiniya village near Tyre, a region outside the southern Lebanon security zone controlled by Israel.

Sources of the United Nations Interim Force in Lebanon said two Cobra helicopters fired five missiles at local Amal headquarters. Eight Amal militiamen inside at the time were wounded and hospitalized, the UNIFIL sources said.

Amal, which has had various tacit understandings with Israel in the past, is distinct from

Shiite extremist groups such as Hezbollah.

Maj. Gen. Yossi Peled, commander of the northern region, nevertheless is believed to have been referring to Amal when he said Wednesday that "we can't tolerate a situation in which there are groups in south Lebanon helping Palestinian terror."

Peled spoke to members of Kibbutz Manara in the Galilee panhandle close to the Lebanese border.

They were upset by the fact that two terrorist gangs trying to infiltrate Israel this week got within a few hundred yards of their kibbutz before they were intercepted and gunned down by Israel Defense Force patrols.

Peled said the fact that both got so close to the border indicated they had help from elements north of the security zone.

According to a front-page commentary by Reuven Pedatzur in Haaretz Wednesday, an "understanding between Amal and local PLO leaders was institutionalized on Saturday night in a cooperation agreement signed by both sides."

#### Disturbed By Development

The IDF is seriously disturbed by this development, which could lead to a further deterioration of its sensitive relationship with Amal in southern Lebanon.

Pedatzur wrote that "According to Amal's operational conception, every foreign element in the security zone constitutes a target for attack, including the (Israel-backed) South Lebanon Army and IDF soldiers."

Haaretz reported Thursday that there were 632 attacks on the IDF and SLA in the security zone this year, compared to 593 in 1987. Most were perpetrated by Hezbollah, the newspaper said.

The three terrorists shot to death by an IDF patrol Wednesday while trying to cut the border fence opposite Manara were identified as members of the Organization for the Liberation of Palestine.

It is a splinter group of the Syrian-backed Popular Front for the Liberation of Palestine-General Command, headed by Ahmed Jabril.

Three terrorist infiltrators killed Sunday in the same location belonged to Abu Nidal's Fatah Revolutionary Council.

The Jabril and Nidal groups were reported to be high on the FBI list of suspects responsible for the bomb that killed 259 people aboard Pan American Flight 103 and at least 11 on the ground.

The Jabril and Nidal groups oppose the peace offensive launched by Yasir Arafat, chairman of the Palestine Liberation Organization, and may be trying to sabotage it, according to experts on terrorism.

#### Terror Attacks Rise

The incidence of infiltration attempts by radical Palestinian groups has increased since Arafat's remarks in Geneva Dec. 14, which led to the United States opening a dialogue with the PLO.

Professor Ariel Merari, of Tel Aviv University's Jaffee Center for Strategic Studies, said in a television interview Wednesday night that "one may assume that the rejectionist organizations, those supported by Syria, are making a special effort to reach Israel in order to prove that the armed struggle continues and that Arafat does not represent all the Palestinians."

Merari said, however, that he was not sure Arafat's mainstream Fatah organization would discontinue infiltration attempts despite the PLO chief's renunciation of terrorism.

Arafat in fact made clear he does not consider attacks on Israeli military targets to be acts of terror.

Avi Benayahu, writing in Al Hamishmar, reported that Arafat has directly or indirectly ordered Fatah leaders in southern Lebanon to try to find out if the American administration regards armed action along Israel's northern border as terrorist activity.

Altogether, nine terrorists have died in infiltration attempts in the last five days.

In addition to the six killed by IDF patrols, three terrorists trying to reach Israel by sea drowned Saturday when their rubber dinghy capsized in heavy seas off the Lebanon coast.

Although these attempts failed, Gen. Peled warned, "We may have to take military measures . . . We have to be ready for the next terror attack, which I'm sure is on its way."

#### **TWO YOUNG FRENCH GIRLS FREED AFTER YEAR IN ABU NIDAL CAPTIVITY** By Yossi Lempkowicz

BRUSSELS, Dec. 29 (JTA) -- Two young French sisters, held hostage by a Palestinian terrorist group in Lebanon for the last 13 months, were freed Thursday in Tripoli, Libya, reportedly at the intervention of Libyan leader Moammar Gadhafi.

Marie-Laure Valente, 7, and Virginie Valente, 6, were delivered safely to a special envoy from France, Leon Bouvier. He was reportedly accompanied by their father.

The children's mother, Jacqueline Valente, and five Belgian hostages remained in captivity.

All were kidnapped at sea in November 1987, when terrorists seized their yacht, the Silco, in Mediterranean water off the Gaza Strip.

They were brought to Lebanon by Abu Nidal's Fatah Revolutionary Council, a Palestinian extremist group, and accused of being spies for Israel.

None of the captives is Jewish. The Valentines are French, while the other hostages -- Fernand Houtekins, his brother, Emmanuel, the brother's wife, Godlieve, and their teen-age children, Laurent and Valerie -- are Belgian.

The terrorists held a news conference in Beirut on Sunday, where they presented a video-cassette by the Houtekins family warning Belgium "not to listen to the Zionists."

The family appeared to be under duress.

The Valente children were freed after a week of false announcements by their captors that they had been released.

Some observers believe this was intentionally done to steal the international media spotlight from Palestine Liberation Organization chief Yasir Arafat's peace offensive.

Others said Abu Nidal wanted to use the children to bargain for the release of a Palestinian terrorist jailed in Belgium for the 1979 attack on young Jewish summer campers in Antwerp.

There is also speculation over Gadhafi's mediation.

According to a television report here, the Libyan leader is trying to gain diplomatic support in Europe in his latest fracas with the Reagan administration over reports that Libya is manufacturing chemical weapons.

# INTEREST RATES CONTINUE TO RISE AS CONFIDENCE IN GOVERNMENT FADES By Gil Sedan

JERUSALEM, Dec. 29 (JTA) -- Interest rates soared as foreign currency purchases continued at a record pace Thursday, while confusion reigned over the monetary policies of the new government.

The situation developed after the surprise 5 percent devaluation of the shekel on Tuesday.

Confidence in the government faded when contrary to initial reports, the devaluation turned out to be an ad hoc move by Bank of Israel Governor Michael Bruno, and not part of a comprehensive economic program introduced by the new finance minister, Shimon Peres.

Bruno acted -- with the apparently hasty approval of Peres -- to stem the rush on foreign currency, spurred by expectations of a major devaluation.

But the fact that the change was only a modest one generated fear that a further devaluation was imminent. The public has purchased a record \$330 million in the past three days.

The idea is to accumulate dollars before they become more expensive. But Bruno decided against another devaluation when arithmetic showed Thursday's dollar purchases did not exceed Wednesday's. They amounted to \$70 million on both days.

The central bank was also busy denying a Israel Radio report Thursday morning that Bruno was about to revalue the shekel. That was followed by another erroneous report of a Thursday devaluation.

The overall impression here is that the people in charge of the Treasury and banking system are not quite sure what they are doing or what needs to be done.

Meanwhile the private sector, seeking bank loans to purchase dollars, is driving interest rates to record heights.

The current rate is 48.25 percent, up 16 percent from last month and more than triple the rate of six months ago.

But the central bank will not intervene to bring rates down. The high cost of loans is expected to put a damper on dollar purchases.

Israel's foreign currency reserves stood at \$3.7 billion Thursday, closer to the \$3 billion danger point than it has been for some time.

# NEW U.S. AMBASSADOR SAYS HE'S GLAD TO BE 'BACK HOME' IN ISRAEL By Gil Sedan

JERUSALEM, Dec. 29 (JTA) -- The new U.S. ambassador to Israel, William Brown, presented his credentials Thursday to President Chaim Herzog -- and he did so in fluent Hebrew.

Brown, who holds masters and doctorate degrees from Harvard University, learned Hebrew on his first tour of duty in Tel Aviv from 1979 to 1982, when he was the No. 2 man at the U.S. Embassy.

Brown arrived in Israel Wednesday night with his wife, Helen, and their four children. "To me this is a top diplomatic post. I feel we are coming back home," the American envoy said at an airport news conference.

Brown succeeds Thomas Pickering, who left Israel after a three-and-a-half-year tour as ambassador. Pickering has been named U.S. permanent representative to the United Nations.

# WORLDWIDE AVIATION SECURITY SEMINAR TO CONVENE IN ISRAEL IN FEBRUARY By Hugh Orgel

TEL AVIV, Dec. 29 (JTA) -- Security professionals and civil aviation experts from more than 20 countries have registered for the first international seminar on aviation security, to be held in Israel for five days beginning Feb. 5.

Although planned months ago, the seminar will have special urgency in light of the destruction of Pan American Airways Flight 103 over Scotland last week, which investigators now attribute to a powerful bomb placed aboard the aircraft.

The seminar was announced Thursday by Deputy Foreign Minister Binyamin Netanyahu, a Likud member of the Knesset, and Professor Ariel Merari, a terrorism expert at Tel Aviv University's Jaffee Center for Strategic Studies.

It will be dedicated to members of Israel's intelligence community who died in the line of duty.

Drawing primarily on the Israeli experience, presentations will be made by Meir Amit, former director of military intelligence of the Israel Defense Force who is also a former head of Mossad, the Israeli secret service, and by Yosef Harmelin, former head of Shin Bet, the internal security organization.

Airline pilots and flight attendants of various airlines, as well as passengers who were victims of terrorist hijackings will participate in panel discussions.

Other registrants include the chief managers of airports, airline and civil aviation authorities, heads of national airport anti-terrorist units, military and police representatives and manufacturers of commercial anti-terrorism equipment.

The seminar will deal with negotiations with hijackers; the media and public support; terrorist tactics and security countermeasures; and planning aviation security.

# CHILDREN AFRAID TO SHOW FEAR By Hugh Orgel

TEL AVIV, Dec. 29 (JTA) -- The Palestinian uprising is taking a psychological toll among the children of Jewish settlers in the West Bank and Gaza Strip.

The problem seems to be that the children are frightened but are afraid to show fear because of parental disapproval, Davar reported Monday.

Educators and psychological counselors employed in the settlements appealed for guidance recently to the Education Ministry's psychological counseling services.

The children are in a difficult situation, compounded by the message they receive from their parents and teachers which is "it is forbidden to be afraid, and every time one shows fear it is a victory for the Arabs."

As a result, the counselors say, the children try to suppress their fears and some suffer greatly because of it.

The Education Ministry advised the formation of parent-teacher support groups to convey to the children the message that "it is permissible to be afraid. Fear is a clearly human feeling that has no political significance."

REMINDER: There will be no JTA Daily News Bulletin on Monday, Jan. 2.

## STATE TRADE AND CULTURAL ACCORDS ARE LATEST WAVE OF TIES WITH ISRAEL

By Howard Rosenberg

WASHINGTON, Dec. 29 (JTA) -- Last spring, on 12 acres of land along the Rio Grande, farmers harvested select Israeli strains of cucumbers, melons and tomatoes not previously planted in the United States.

This spring, Texas plans to use Israeli technology to grow 20 different U.S. and Israeli crops, including herbs and cut flowers. The state will invite farmers down to the experimental agriculture site, at Laredo, for training seminars.

The crops are being grown with the use of Israeli drip-irrigation technology, which can be used in regions of Texas where water is scarce. Texas and Israel are continents apart, but they share the same geographic latitude, and hence, similar climates and soils.

Texas and 12 other states are participating in the latest wave of U.S.-Israeli cooperation: trade and cultural accords. The others are California, Connecticut, Florida, Illinois, Maryland, Massachusetts, Michigan, Minnesota, Missouri, New Jersey, Virginia and Wisconsin.

In all but Connecticut, the state's governor or his designate signed the agreement. In Connecticut, the state's House of Representatives approved the accord, which did not require the governor's signature.

New York is in the process of negotiating an accord, said Milton Elbogen, Israel's deputy trade commissioner to the United States.

All but two of the states' accords have been signed since 1987. The Texas agreement was concluded in 1984, and Virginia followed in 1986.

### Holocaust Curriculum In Virginia

"The greater the state is industrially developed, the greater the chance there is for an agreement," said Howard Seligmann, attache at Israel's economic mission to North America. One reason is that the Jewish population, and therefore support of Israel, is highly concentrated in the industrial states.

But largely rural states, interested in Israeli farming methods, may conclude agreements with Israel in the future.

A byproduct of the accords is increased tourism and cultural ties with Israel. But these are long-term dividends that have not yet been realized in most states.

In Virginia, though, a private group overseeing the cooperation with Israel helped write the state's first Holocaust curriculum. The group took over supervision of the bilateral relationship after a state commission's two-year mandate expired.

Although foundations and businesses are the main financiers of the bodies that implement the exchange agreements, Jewish groups are also making contributions.

In Virginia, the United Jewish Federation of Tidewater donated \$10,000 to meet the commission's \$250,000 fund-raising goal from private sources, said A. Robert Gast, the federation's executive vice president.

In Texas, the Jewish National Fund of America contributed \$50,000 in "seed money" to bring three agricultural experts from Israel for the initial planning study for the project, said Dolores Wilkenfeld, a member of the JNF board in Houston.

The project transcends political and military ties between the two countries, Wilkenfeld said.

"We are talking about the basic feeding of people."

Besides Texas, two other states are mainly interested in agricultural cooperation.

Minnesota plans to set up a joint project to demonstrate irrigation techniques, said Judith Yellin, executive director of the American-Israel Chamber of Commerce and Industry of Minnesota.

California will use Israeli technology to grow crops in saline soils and on generally nonproductive land. The state will also grow specialty crops in drought conditions, said Ernest Glaser, chairman of the California-Israel Exchange. He applied a few months ago for tax-exempt status to begin raising funds.

### Dead Sea Venture With Maryland

However, Israel's drip-irrigation technology will not be used, Glaser said, because Israel has licensed California companies to use that technology, which is not the case in Texas. "We don't want to compete" with local companies, Glaser said.

Aside from the agricultural projects in Texas, Minnesota and California, the main emphasis of the states so far has been on forming joint ventures, to combine Israeli technology with U.S. marketing know-how and contacts worldwide.

In Maryland, which signed an agreement with Israel in May, one venture has a Baltimore company sending dredge equipment to excavate salt deposits from the Dead Sea. Phosphates from the mines are then shipped back to Maryland, said Esther Gelman, consultant to the state government's Office of International Trade.

New Jersey may hold a seminar on ventures with Israel, as it is planning to do on ventures between U.S. and Canadian firms, said Leonard Goldner, New Jersey's chief foreign investment officer.

Illinois hopes to ease the transfer of technology rights between U.S. firms and Israeli scientific institutions, including the Technion-Israel Institute of Technology and the Weizmann Institute of Science.

Michigan is trying to match 20 companies in the state with Israeli counterparts for joint ventures.

### Massachusetts Rep In Israel

Missouri is gathering information about local firms for a trade show in Tel Aviv in February.

Wisconsin is trying to bring together U.S. and Israeli universities and businesses in the fields of biotechnology, super computers and medical devices.

Florida plans to emphasize trade initially, but is currently consulting with organizers of educational exchanges begun between two state colleges and Israel, independent of the accord, said Thomas Slatery, chief of Florida's Bureau of International Trade and Development.

The initial agreement was signed in Israel by former Florida Secretary of Commerce Jeb Bush, son of President-elect George Bush.

One of the few consumer-oriented projects to date occurred in Massachusetts, where a multi-million dollar fair of Israeli goods was sponsored by Jordan Marsh, a large department store chain in Boston.

Although the project was planned before Massachusetts signed its accord in May 1987, it was organized with the help of the state's representative in Israel. Massachusetts is the only state so far to have its own staff there.