

**SHAMIR REJECTS AN EGYPTIAN OFFER
TO MEDIATE BETWEEN PLO AND ISRAEL**
By Gil Sedan

JERUSALEM, June 12 (JTA) -- An Egyptian offer to mediate between Israel and the Palestine Liberation Organization got a strong rebuff Monday from Prime Minister Yitzhak Shamir.

But the Egyptian official who delivered it here, Butros Ghali, ended his two-day visit to Israel on a cautiously optimistic note.

He made it clear that Egypt was not rejecting Israel's peace initiative, though it was turned down flatly by some 30 Palestinian dignitaries with whom he met.

Ghali, who is Egypt's minister of state for foreign affairs, told reporters there were positive as well as negative aspects to the Israeli plan, which among other things calls for Palestinian elections in the West Bank and Gaza Strip.

If the negative aspects can be corrected, the plan could serve as a suitable base for a dialogue to start between the Palestinians and Israelis, he said.

Above all, he stressed, a great deal of patience is needed.

The mediation offer was contained in a letter from Egyptian President Hosni Mubarak, delivered by Ghali at his meetings with Shamir and Foreign Minister Moshe Arens.

Both declared unequivocally Monday that Israel would never, under any circumstances, have any dealings with the PLO.

While Ghali was in Jerusalem, PLO leader Yasir Arafat made an unexpected visit to Cairo for a talk with Mubarak.

Arens denounced the PLO as the main obstacle to peace in the area. "They are terrorizing the local population," he said, adding that Israel views anything that enhances the PLO's image to be a negative development for peace.

Likud Vote Set July 4

Shamir, who is having great difficulty convincing his own party to support the proposed Palestinian elections in the territories, promised the Likud Central Committee that if any of those elected take their orders from the PLO they would go straight to jail.

But Ghali, a veteran of Middle East diplomacy, is well aware that adamancy can be followed by moderation, as was the case with Israel's return of all of Sinai to Egypt, which some of its top leaders had vowed never to do.

Therefore, he appeared not to take his host's rhetoric entirely at face value. He seemed to understand that Shamir and Arens cannot be too forthcoming when they face a serious challenge to their policies within the Likud.

The Likud Central Committee is scheduled to convene on July 4 for a vote of confidence on Shamir's plan. Arens warned Monday that if the plan was rejected, Shamir would resign and the government would fall.

Similarly, Ghali did not seem ruffled by the Palestinians' firm rejection of the Israeli peace plan. He appeared to hold out hope that the Palestinians could change their attitude toward the initiative, given certain concessions.

The Egyptian minister had cause to be

pleased that prominent Palestinians met with him. It indicated they once again have confidence in Egypt as an honest broker for peace.

Ghali returned to Cairo on Monday night with an invitation from Israeli President Chaim Herzog for President Mubarak to visit Jerusalem.

But Egypt pointed out once again that its relations with Israel are clearly linked to the Palestinian issue.

"Do not expect an improvement in the relations before we witness the beginning of progress toward solving the Palestinian problem," were Ghali's parting words to reporters in Israel.

**HABASH URGES ARAB STATES TO JOIN
IN ATTACKS AGAINST 'ISRAELI ENEMY'**
By Cathrine Gerson

JERUSALEM, June 12 (JTA) -- The leader of the second largest faction in the Palestine Liberation Organization has called on Arab nations to join in an all-out assault against the "Israeli enemy."

Dr. George Habash, head of the Popular Front for the Liberation of Palestine, described the Palestinian uprising in the West Bank and Gaza Strip as a prelude to the "complete liberation of the national Palestinian soil."

He said that effort must now be assisted in the form of assaults on Israel from "all Arab borders."

Habash, whose faction is the second largest in the PLO after Yasir Arafat's Al Fatah, made the remarks in an interview last Friday with "Voice of the Mountain," a Druse radio station in Lebanon.

The Palestinian uprising, he explained, is a new phase in the armed struggle against Israel. Its goal, "the establishment of a Palestinian state in the West Bank and Gaza," will be "the beginning of the downfall of the Zionist enterprise," he predicted.

In the meantime, Israel's Arab neighbors must lend the Palestinians a hand, Habash said, "by raining blows upon the Israeli enemy army on all Arab borders.

"That means to expand the operations now being carried out from Lebanon to the Jordanian, Syrian and Egyptian arenas," he said.

He added, "We expect of our masses within the occupied land that they will inflict deaths among the enemy, since it was this action which brought about the withdrawal of Israeli forces from Lebanon in 1984-85."

**THREE LINKED TO PAN AM BOMBING
WERE ONCE FREED FROM ISRAELI JAILS**
By Susan Birnbaum

NEW YORK, June 12 (JTA) -- Three terrorists who allegedly made the bomb that blew up Pan Am Flight 103 over Lockerbie, Scotland, have been identified as having been released from an Israeli jail in a 1985 prisoner exchange.

According to ABC News, the three men, two Palestinians and an Iraqi, identified as Mahmoud al-Makoussi, Tawfik Youssef and Hassan Hadi al-Attar, were recruited specifically for the task by Ahmed Jabril, leader of the Popular Front for the Liberation of Palestine-General Command.

The terrorists, whose whereabouts are presently unknown, were arrested in 1976 in Nairobi, Kenya, as they were preparing to fire rockets at an Israeli airliner.

The men were smuggled to Israel, tried in secret in a short trial and sentenced to 18 years in prison.

The three terrorists, who were among 1,150 Palestinians exchanged with Syria for three Israeli prisoners in May 1985, were reportedly recruited by Jabril to make the bomb and make contact with Hafez Dalkamoni, a senior officer of the Jabril group who was also freed in the 1985 swap.

Dalkamoni was arrested in West Germany on Oct. 26. In his car was found a bomb similar of the kind later suspected as the weapon that destroyed Pan Am 103 on Dec. 21.

Hidden In Radio-Cassette Player

The bomb was inserted in a radio-cassette player, whose inner mechanism contained the Semtex plastic explosive with a barometric detonator timed to explode soon after it was airborne.

The bombing killed all 259 passengers on board the jet and 11 persons on the ground in the village of Lockerbie.

CBS News reported in April that West German investigators believed a relative of Dalkamoni placed the bomb in the suitcase of an unwitting Lebanese-American youth, who boarded the plane in Frankfurt, its point of departure.

The flight continued to London, where most of the passengers bound for New York got on.

A West German investigator was killed and another critically wounded in April while examining a similar bomb concealed in a radio, and a second explosive device was detonated without injuries.

Dalkamoni, 43, and another Jabril group commander, Abdel Fattah Ghadanfar, 38, both reportedly Jordanians, are currently being held in West German prisons on charges of membership in a terrorist organization and possession of weapons and explosives.

LETTER TO BAKER ON SHAMIR PLAN HAD 'UNPRECEDENTED' SENATE SUPPORT By Howard Rosenberg

WASHINGTON, June 12 (JTA) -- Moshe Arad, Israel's ambassador to the United States, had warm words of praise Sunday for the 95 senators who urged Secretary of State James Baker III in a letter last week to "strongly and publicly endorse" Israel's peace initiative.

Arad, speaking to 400 people at the 34th annual Ambassador's Ball at the Washington Hilton Hotel, said that 95 was an "unprecedented number" of senators to sign such a letter to the administration.

A Capitol Hill source said pro-Israel groups usually have trouble getting more than 60 senators to sign such a letter, unless it relates to a gut issue, such as Soviet Jewry or the Holocaust.

The Senate letter sent Friday is a sharp contrast to one signed by 30 senators in March 1988 that criticized Israeli Prime Minister Yitzhak Shamir for showing "inflexibility" on the peace process.

The new letter calls Prime Minister Yitzhak Shamir's peace initiative "both sincere and far-reaching" and says the United States has "a vital role to play in convincing others of the merit of Israel's plan."

It warns that the United States "must be

fully supportive, both in fact and in appearance," if Shamir's proposals are to receive "the consideration they deserve" by other parties to the Middle East conflict.

A House draft of a similar letter to Baker, initiated by Reps. Mel Levine (D-Calif.), Lawrence Smith (D-Fla.) and Vin Weber (R-Minn.), had gathered more than 100 signatures as of Monday.

Call For Territorial Concessions

The Senate letter was greeted warmly in Israel, where Foreign Minister Moshe Arens on Sunday called it "a great achievement for Shamir's initiative."

But members of Shamir's and Arens' Likud bloc, which opposes trading land for peace, may not be as enthusiastic about a portion of the letter that stresses the need for Israel to make territorial concessions.

The 95 senators wrote at one point, "We must keep in mind that Israel will be asked to give up politically what it won militarily by defending itself."

The letter does not mention Baker's May 22 speech to the American Israel Public Affairs Committee, but Capitol Hill sources said several of the senators were disturbed by the blunt tone of the secretary's remarks.

The senators were "not pleased" with Baker's terse call on Israel to "forswear annexation" and "lay aside, once and for all, the unrealistic vision of a Greater Israel," said one source.

But the source said the senators avoided mentioning the speech in the letter, because "butting heads with the secretary of state over tone did not seem to be the most constructive way to go about it."

Steven Shlein, press secretary to Sen. Frank Lautenberg (D-N.J.), who co-sponsored the letter with Sen. Rudy Boschwitz (R-Minn.), said Lautenberg was "disturbed by the Baker speech," as well as many news accounts of the speech for not emphasizing Baker's words of support for the Israeli peace plan.

Baker Said To Be 'Pleased'

In fact, the State Department "wholeheartedly" backed the peace plan a few days after the Baker speech, satisfying Israeli requests for such an endorsement.

The State Department does not appear to be rankled by the senators' letter. In fact, department spokeswoman Margaret Tutwiler said Friday that Baker was "very pleased and welcomed the letter."

The senators are asking "nothing more than what the secretary has done" and are merely "urging, all of us, to give this election proposal serious consideration," Tutwiler said.

Yossi Gal, the Israeli Embassy spokesman here, said Monday that the fact that 95 senators signed a letter of such strong support for Israel provides "quite an answer" to those who say that "the United States Congress is not with us any longer."

The five senators who did not sign were Sens. Robert Byrd (D-W.Va.), John Chafee (R-R.I.), Mark Hatfield (R-Ore.), Ernest Hollings (R-S.C.) and Malcolm Wallop (R-Wyo.).

Shlein did not know why the five did not sign except that Hollings was out of town when his staff was approached about the matter. Byrd and Hatfield are respectively the chairman and ranking Republican on the Senate Appropriations Committee.

PALESTINIANS NOW WEAR IDF UNIFORMS TO PUNISH SUSPECTED COLLABORATORS
By Hugh Orgel

TEL AVIV, June 12 (JTA) -- Palestinians in Nablus wearing exact replicas of Israel Defense Force uniforms are taking action against Arabs suspected of collaborating with the Israeli authorities and are even attacking IDF soldiers, Yediot Achronot reported Monday.

The uniforms, sewn by Arab women working at secret locations, are perfect imitations of IDF uniforms, except for insignia in the colors of the Palestinian flag.

In the past three months, Israeli soldiers have discovered duffel bags containing the uniforms and masks, concealed in niches in the Nablus casbah.

The bags hidden there are retrieved at night by members of so-called "shock committees," who then don the clothes and proceed to deal with collaborators.

A collection of homemade weapons used in the Palestinian uprising is currently on display at military government headquarters in Nablus.

They include slingshots, brass knuckles, knives, swords and uniforms similar to those used by terrorist organizations.

Also exhibited are Arabic translations of literature on combat from countries where improvised weapons have been used in warfare.

Yediot Achronot also reported that leaders of the uprising in the Nablus area have established underground first-aid stations to treat Palestinians with only slight gunshot wounds, in order to avoid sending them to hospitals where they could be identified and arrested by Israeli security forces.

Ha'aretz reported Monday that the defense establishment has decided that harsher measures are needed to deal with the intifada. Authorities plan to lengthen the period of administrative detention from six to 12 months.

Administrative detention, a holdover from the emergency regulations of the British Mandate era, allows the military authorities to hold a person in jail without trial or charges for a set period, which until now has been six months.

SOLDIER KILLED IN ROAD ACCIDENT
By Cathrine Gerson

JERUSALEM, June 12 (JTA) -- An Israel Defense Force soldier was killed and two others were slightly hurt in a road accident Monday morning in the Israeli-patrolled security zone in southern Lebanon.

The soldiers were riding in a convoy when their jeep apparently went out of control and overturned near the fishing harbor in the coastal town of Nakoura.

The dead soldier was identified as Najam Hazran, 21, from the Druse village of Yarka. The two others were treated for shock and sent back to their unit.

A committee was appointed by Gen. Yossi Peled, head of the IDF's northern command, to investigate the accident.

Senior IDF officers in southern Lebanon are critical of the way Israeli soldiers drive in the security zone.

"Some of us drive like crazy. We seem to have adopted the Lebanese standard," one officer admitted. "The roads here are terrible and accidents like this are bound to occur."

ISRAELI URGES WORLD PRESSURE ON ARABS TO BACK PEACE PLAN
By Allison Kaplan

NEW YORK, June 12 (JTA) -- International pressure to convince the Palestinians to accept proposed elections in the West Bank and Gaza Strip is the key to the success of Israel's new peace plan, Israeli Cabinet Minister Ehud Olmert said Sunday.

"If the whole international community, the United States as the leader, along with the other European countries, will assume a very firm position on this issue," Olmert said, "then there is a genuine chance that this initiative will indeed lead to election of Palestinians, negotiations and then, hopefully, an agreement."

Olmert, who serves in the Cabinet as a minister without portfolio, made his remarks at a State of Israel Bonds dinner at the Waldorf-Astoria Hotel here. He addressed an audience of Wall Street bankers, Israeli dignitaries and Israel Bonds supporters.

The event honored 12 banks that worked with Israel in refinancing \$4.8 billion of the Jewish state's military sales debt.

In his address, the Likud politician said Palestinians are facing pressure from the Palestine Liberation Organization to reject the idea of electing representatives for negotiations with Israel. The PLO, he said, "feels no need" for a democratic process.

"The PLO has been elected by itself, by the power of its guns, to represent the Palestinian people," Olmert said.

The Israeli official also touched on economic matters in his speech, calling for greater "privatization" of the Israeli economy and a reduction of "the day-to-day involvement of the government in the economy."

An End To Dependence On America

Olmert's call for reforms was echoed by former U.S. Deputy Secretary of State John Whitehead, who also spoke to the Bonds group. He urged Israel to make trade and investment "more attractive by reducing its own government's red tape."

Whitehead said Israel must continue working to free itself from dependence on American government support.

Until Israel can establish a strong and independent economy, he said, "her political position and her military position can never be entirely secure."

Both Olmert and Whitehead expressed hope that the cooperation between Wall Street and Israel in refinancing Israel's foreign debt would lead to future business partnerships.

The refinancing, which will save Israel approximately \$100 million a year in interest payments, was the result of a 1987 law allowing certain countries that owed money from purchases of U.S. military equipment when interest rates were high to refinance their debt at a lower interest rate.

The ceremony Sunday included the presentation of the Israel Finance Medal to representatives from each of the banks involved in Israel's debt refinancing.

Whitehead, currently chairman of AEA Investors, participated in the presentation of the awards. In doing so, he commented wryly, "Wall Street receives few public awards these days, so this is a somewhat unique occasion."

JEWISH STUDENTS PROTEST CHINA'S USE OF DEADLY FORCE IN BEIJING

By Cathrine Gerson

JERUSALEM, June 12 (JTA) -- The World Union of Jewish Students has protested in strong terms against the "indiscriminate use of force by the Chinese government" on students in Beijing.

WUJS, which has 200,000 members in 40 countries, announced Monday that it sent the protest to Chinese embassies all over the world.

According to various sources, as many as 7,000 students may have been killed on June 3, when the Chinese leadership sent troops and tanks to disperse students demonstrating for democratic reforms in Beijing's Tiananmen Square.

The Chinese government maintains only 300 people were killed, most of them soldiers.

The WUJS statement said the organization "condemns in the strongest terms the use of indiscriminate force by the Chinese government and military against unarmed Chinese students and others calling for democracy."

It urged the Chinese government "to immediately cease all military and police actions and to enter into negotiations with the students."

The statement also called for the release of jailed activists.

In New York, a number of American Jewish groups last week issued statements condemning the Chinese government's action against the students.

Sholom Comay, national president of the American Jewish Committee, called the action "one of the major tragedies of our time" and urged the United States to reassess its relationship with the Chinese regime.

Rabbi Arthur Schneier, who as president of the Appeal of Conscience Foundation has led three missions to China, said the suppression of the student protest was "a shocking and bitterly disappointing event."

It has dealt a "serious setback for the cause of human rights in the People's Republic of China," he said.

ARAB-ISRAELI CONFLICT ON AGENDA OF GORBACHEV MEETINGS IN BONN

By David Kantor

BONN, June 12 (JTA) -- The Arab-Israeli conflict is on the agenda of Soviet leader Mikhail Gorbachev's four-day visit to West Germany, where he arrived Monday.

He will be urged by his hosts to speed up the normalization process with Israel and re-establish full diplomatic relations with the Jewish state, a government official said.

According to the official, the Federal Republic believes the Soviet Union could contribute more effectively to the Middle East peace process if it had diplomatic relations with Israel.

At the moment, the Soviets and Israelis have consular delegations in each other's countries. But they are restricted in the scope of their diplomatic activities.

The Israeli delegation in Moscow has just been allowed to return to the Israel Embassy building, vacant since the Soviets broke relations with Israel in 1967.

But it still is not permitted to issue entry visas to thousands of Soviet Jews seeking to emigrate. Israeli visas are still being issued at the Israel interests section of the Dutch Embassy in Moscow.

RABIN MEETS WITH FRENCH LEADERS, BUT HIS REAL INTEREST IS AIR SHOW

By Edwin Eytan

PARIS, June 12 (JTA) -- Israel Defense Force purchases will soon account for only 35 percent of the income of Israel's military industries, which are rapidly expanding their exports worldwide, Israeli Defense Minister Yitzhak Rabin told reporters here Monday.

Rabin, in Paris for official talks and to see the Air Show at Le Bourget, conferred with Prime Minister Michel Rocard Monday and was to meet Tuesday with Defense Minister Jean-Pierre Chevènement.

He met here Sunday with Soviet air force officers and engineers and spent over an hour with Nikolai Mikoyan, designer of the MIG-29.

According to Rabin, Israel's military industry "must increase its exports if it is to survive."

By the defense minister's own account, it seems to be doing well.

He said that six years ago, Israel exported only \$80 million worth of military equipment to the United States. In 1988, it had contracts for \$480 million worth, and its U.S. exports will reach the half billion dollar mark next year.

Israel has a favorable balance of weapons trade with Western Europe. Rabin disclosed that Israel buys between \$100 million and \$150 million worth of European weapons and sold \$180 million worth to Western Europe in 1988.

But the Israeli defense chief refused to give details of Israeli arms exports to Latin America, believed to be its largest weapons market.

Rabin canceled most of his appointments for Tuesday, in order to watch the Soviet aerial display at Le Bourget.

Officials here say intelligence reports reveal "huge" Soviet progress in the design and manufacture of Soviet combat aircraft and missiles, which would account for Rabin's special interest.

BELGIANS STAGE WEEKLY VIGIL TO PROTEST AUSCHWITZ CONVENT

By Yossi Lempkowitz

BRUSSELS, June 12 (JTA) -- Belgian Jews and non-Jews are maintaining a weekly vigil here to remind the Catholic Church of its failure to keep a pledge to relocate a Carmelite convent off the grounds of the former Auschwitz death camp.

Each Wednesday afternoon, the protesters gather silently outside the residence of the papal nuncio, the Vatican's representative in Belgium, and wave banners demanding that the Church honor its promise.

The agreement to relocate the nuns was signed by four European cardinals with world Jewish leaders in Geneva on Feb. 22, 1987. It stipulated that the convent would be moved within two years.

The nuns have so far refused to leave, and the Church seems incapable of influencing them.

The Jewish community here, meanwhile, has extended the deadline to July 22.

The European Union of Jewish Students sent a message to Pope John Paul II last week reminding him that "there are only 50 days left" to have the nuns removed from the grounds of Auschwitz.

"We are counting on your support and assistance in settling this delicate matter, which threatens to divide Christians and Jews all over the world," the students' message read.