DAILY NEWS BULLETIN

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VOL. 67 - 72nd YEAR

MONDAY OCTOBER 30, 1989

330 SEVENTH AVENUE

NO. 204

(212)643-1890

CABINET FIRMLY DENIES MEDIA REPORTS ON ISRAELI COLLUSION WITH PRETORIA By David Landau

PUBLISHED BY JEWISH TELEGRAPHIC AGENCY

JERUSALEM, Oct. 29 (JTA) -- The government is seriously concerned by allegations in the American news media that Israel is collaborating with South Africa in the development of ballistic missiles and nuclear weapons.

The Cabinet on Sunday issued a firm denial of the reports.

Defense Minister Yitzhak Rabin was quoted officially as saying that Israel has not transferred military technology to South Africa, especially technology originating in the United States.

"There is no truth whatsoever" to reports about "alleged links between Israel and South Africa in the nuclear field," Cabinet Secretary Elyakim Rubinstein told reporters after the ministers concluded their weekly meeting.

He said it was also stressed to the ministers that no military hardware comprising or including American components has been exported to any country, including South Africa, without a U.S. license.

Allegations that Israel is helping South Africa develop ballistic missiles, in exchange for enriched uranium for its nuclear weapons program, surfaced Oct. 25, on the "NBC Nightly News."

Later in the week, the network reported that Israel had provided Pretoria with American technology it obtained during joint efforts to produce the now-abandoned Lavi jet sighter.

The Defense Ministry has denied both reports. But Israel is worried about the their impact on U.S.-Israeli relations, which are currently in a delicate state because of differences over advancing the peace process.

Reports Leaked Intentionally?

Rabin met with Prime Minister Yitzhak Shamir and Foreign Minister Moshe Arens before Sunday's Cabinet session to assess the damage.

There is apprehension here that the issue will be raised at congressional hearings and erode Israel's standing with American lawmakers.

Shamir said he believed the damaging reports were purposefully leaked by persons seeking to poison Israel's relations with the United States.

That view is shared by Israeli officials and friends of Israel in the United States.

Some have speculated that the leak was engineered by the Pentagon to ensure there is no significant congressional opposition to a proposed U.S. sale of 300 advanced MI-A2 tanks to Saudi Arabia.

According to his theory, opponents of the sale would find it difficult to make a convincing argument about the threat to Israel's security in the wake of reports about the Jewish state's alleged nuclear capability.

Sunday's Cabinet meeting also was marked by bickering over charges that Shamir and Arens are not giving their colleagues a full account of their dealings with U.S. Secretary of State James Baker on the peace issue.

Arens claimed he was reporting fully to the Inner Cabinet. But one member of that senior policymaking body, Likud hard-liner Ariel Sharon, contested Arens' assertion.

In any event, the full Cabinet got no detailed briefing on the situation Sunday, notwithstanding reports from Washington that Baker has drafted a response to the latest message from Arens.

NEW YORK, NY 10001-5010

The Israeli foreign minister cabled Baker last week that Israel accepted in principle his five-point proposal for a dialogue with Palestinians, but insisted on certain amendments.

Sharon, and his allies Yitzhak Moda'i and David Levy, said before the Cabinet meeting that if reports they heard of Baker's response were accurate, they would urge its rejection.

Shamir promised a Cabinet discussion of the peace process in advance of his planned trip to Washington next month.

But the prime minister apparently intends to confine it to the 12-member Inner Cabinet, whose makeup of six Likud and six Labor ministers prevents the adoption of any decision opposed by either party.

Shamir prefers that forum to the 25-member full Cabinet, where the smaller coalition partners are represented and could give an edge to Labor's position with respect to the Baker initiative.

NRP WARNS LIKUD AND LABOR AGAINST MAKING DEALS WITH SMALLER PARTIES By David Landau

JERUSALEM, Oct. 29 (JTA) -- The National Religious Party has put Likud and Labor on notice that neither should attempt to revise the agreements governing their broad coalition in order to reap political benefits with its smaller members.

The stern warning by NRP's secretary-general, Yitzhak Levy, indicated growing concern over political maneuvers motivated by the precarious state of the unity government.

Likud and Labor are each trying to forestall attempts by the other to lay the groundwork for a narrowly based coalition, in the event that their partnership founders over the peace issue. Many observers believe that prospect is increasingly likely.

The NRP seemed to be reacting Sunday mainly to Likud's swift response to an ultimatum issued last week by Agudat Yisrael's Council of Sages.

Leaders of the ultra-Orthodox party declared their intention to pull out of the government in two weeks unless Likud, the senior coalition partner, implements pledges Agudah said were made to it in coalition negotiations last December.

Political commentators say the purported pledges could cost the Treasury \$10 million or more in subsidies to ultra-Orthodox educational institutions.

Shas Backs Returning Territory

Agudah also is demanding stricter enforcement of Sabbath observance and legislation to ban street advertisements it considers immodest.

A team of Likud ministers is about to open talks on these matters with Agudah. The delegation is headed by Moshe Nissim, a minister without portfolio, and Justice Minister Dan Meridor.

The Labor Party has not indicated whether it will act similarly.

Agudah and the NRP each hold five Knesset



seats. The departure of either or both of them from the coalition would have little impact as long as the unity government remains intact, since Likud and Labor combined hold 79 of the 120 Knesset seats.

But such an exodus could bring the shaky edifice tumbling.

In that case, the religious parties, which have expressed disenchantment with Likud, might be willing partners in a new, narrowly based coalition headed by Labor Party leader Shimon Peres.

Likud received an additional setback over the weekend, when Absorption Minister Yitzhak Peretz, the usually hard-line leader of the ultra-Orthodox party Shas, took a position on territorial concessions close to that of Labor, but vehemently opposed by Likud.

Peretz said he and his party would consider an Israeli return of part of the administered territories in the context of a real peace agreement with the Palestinians.

He reiterated the halachic ruling of his party's spiritual mentor, former Israeli Sephardic Chief Rabbi Ovadia Yosef, that "pikuach nefesh" (the saving of lives) takes precedence over retaining all of Eretz Yisrael, the biblical Land of Israel.

ARMY'S TAX BATTLE WITH BEIT SAHUR NOW SPREADS TO THE RELIGIOUS SPHERE By Gil Sedan

JERUSALEM, Oct. 29 (JTA) -- The tax revolt by the mainly Christian Arab residents of the West Bank town of Beit Sahur took on a religious dimension over the weekend that could have serious consequences for Israel in world public opinion.

The Israel Defense Force has cut the town off from all outside contacts for more than a month in what it considers a test of strength with the Palestinian uprising.

But last Friday, the IDF found itself in Israeli confrontation, not with the intifada leadership, Nyeta. but with the patriarchs of the Latin, Greek Storthodox and Armenian churches, who had come Saturds from Jerusalem to challenge the blockade and fied." pray in solidarity with the townspeople.

When they were not permitted to enter Beit Sahur as a delegation, they accused the Israeli authorities of preventing them from holding religious services.

The group was headed by Diodoros I, the Greek Orthodox patriarch of Jerusalem, who is considered one of the friendliest toward Israel of the senior Christian clergy in Jerusalem. It included Michael Sabah, the Latin or Roman Catholic patriarch, who is a Palestinian.

Diodoros returned alone on Sunday and was allowed to enter Beit Sahur. But the damage may already have been done.

Mass Prayer Services Planned

On Friday, he and his colleagues refused an IDF offer to enter Beit Sahur singly. Instead, they held a news conference at a nearby monastery, where they vowed to bring the issue to worldwide attention.

"No conditions can be put on prayer," Sabah tained. declared.

Considerable media attention already has been focused on the IDF's moves to bar foreign consuls and Arab Knesset members from the town, cut phone lines to the town, and confiscate

personal property that the townspeople say is far in excess of the amount of taxes owed.

The residents of Beit Sahur have now invited world leaders, including President Bush, to send representatives to attend mass prayer services in the town next Sunday.

They already smuggled out a videotape of Friday services at the local Roman Catholic church for television broadcast worldwide.

If hundreds of worshipers are forcibly kept out of Beit Sahur next week, that will attract further media attention.

It would also give the intifada leadership more ammunition for its drive to spread the tax revolt, which so far has had minimal success.

The intifada's Unified Command is urging residents of Ramallah, a much larger town, to emulate Beit Sahur.

They have not complied, at least in part because of Defense Minister Yitzhak Rabin's warning earlier this month that the authorities are determined to end the revolt, however long it might take.

EGYPT DETAINS ISRAELI TANKER SAID TO HAVE SPILLED OIL IN SUEZ By Hugh Orgel

TEL AVIV, Oct. 29 (JTA) -- The Egyptian authorities have since Oct. 21 detained an Israeli oil tanker with its 28 crew members and dependents aboard, for allegedly spilling oil in the Gulf of Suez.

The incident is being handled at the consular level with Egyptian police and legal authorities, according to the Foreign Ministry in Jerusalem.

Capt. Zvi Yosef, 41, master of the tanker Nyeta, was removed from the ship for interrogation eight days ago, and it is not known if he has been released.

He complained that the Egyptians treated him "very badly," according to Uri Shtupler, marine superintendent for Tanker Services, the Israeli national tanker company that owns the Nyeta.

Shtupler said he spoke to Yosef by telephone Saturday and the captain told him he was "terrified."

"He was locked up with criminals, he wasn't allowed to shave for five days and he couldn't talk with anyone," Shtupler said.

He added, however, that Yosef said he was not physically abused.

The captain was supposed to return to his ship Saturday night, but Shtupler could not confirm that he had.

The vessel transports Egyptian oil from the Gulf of Suez. It accounts for about half of Israel's monthly imports of 300,000 tons, which have now been seriously disrupted, according to Shtupler.

The Egyptian authorities charge that the ship was responsible for a 60-square-yard oil spill while passing through the Straits of Tiran on Oct.

But inspectors from an international marine insurance company "found no trace of oil," either in the straits or in the East Zeid Bay oil port, where the Nyeta was being held, Shtupler maintained

The Israelis confined to the ship -- 23 crew members, two wives of crew members and three children -- are being treated well and are in contact with their families in Israel, Israeli officials said.

ISRAEL PROTESTS MISSION TO TUNISIA BY WEST GERMANY'S SOCIAL DEMOCRATS By David Kantor

BONN, Oct. 29 (JTA) -- Israel's protest to the opposition Social Democratic Party for sending a delegation to meet with Palestine Liberation Organization chief Yasir Arafat in Tunisia last week was more than a pro-forma complaint.

Israel deeply resents that the SPD, a staunch friend since the era of former Chancellor Willy Brandt, is virtually begging Arafat to visit West Germany.

SPD Chairman Hans-Jochen Vogel reportedly approved the trip, despite repeated appeals by friends of Israel.

According to well-placed sources, the delegation's main purpose is to convince Arafat to accept an SPD invitation to come to Bonn sometime soon.

But the PLO is apparently piqued at being unable to wrangle an official invitation for Arafat from the West German government.

The claim by PLO officials last week that the government was considering an invitation was promptly denied by a Foreign Ministry spokesman.

Nevertheless, Arafat's top adviser, Bassam Abu Sharif, was received here Oct. 16 by the ministry's political director, Jurgen Sudhoff, the highest-ranking West German official ever to meet with a PLO representative.

Observers here believe a possible invitation to Arafat was, in fact, discussed.

Arafat initially rejected an SPD invitation, sources here said, because no meetings would be arranged for him with the president of the Federal Republic, Richard von Weizsacker, or with Chancellor Helmut Kohl.

The SPD delegation apparently hopes he will reconsider, arguing that by coming to Bonn, Arafat would have an excellent chance to influence German opinion.

The delegation consists of Peter Glotz, a former secretary-general of the SPD, and Heide-Marie Viczeureck-Zeul, an extreme left-wing activist with a strong anti-Israel record.

Political analysts say they were sent to Tunisia because the party has run out of forcign policy issues after its failed attempt to woo the ruling Communist Party in East Germany.

DON'T EXPECT EAST GERMAN REPARATIONS, OFFICIAL IN BONN WARNS JEWISH LEADERS By David Kantor

ficial has chided Jews and others for displaying "unjustified enthusiasm" at hints that East Germany would pay war reparations.

He also implied that West Germany, which has paid indemnification toward Holocaust survivors, acted for all of Germany.

The high-level official, who spoke to reporters on condition he not be identified, was referring to vague promises of reparations made last year by former East German leader Erich Honcck-

The West German official essentially told Jews not to expect such help from the East German regime, which has never acknowledged responsibility for Nazi persecutions.

The official, who has been dealing with the reparations issue for many years, said that, technically, Jews have no additional claim against East Germany.

According to the official, East German talk about paying indemnification to Jewish persecutees was not a serious offer, motivated by ideological or moral considerations, but rather an attempt to seduce the American Jewish community into supporting more favorable U.S. trade relations with East Germany.

Nor is it known what course the new East German leader, Egon Krenz, will take. Krenz replaced the ailing Honecker less than two weeks ago, following the large-scale flight of East Germans to West Germany and large demonstrations for democracy in the streets of several cities.

WJC Stresses GDR Commitment

Krenz, Honecker's hand-picked successor, has never publicly addressed the reparations issue. Observers here believe it will be a long time before he does, given the acute internal problems he faces in his country.

Honecker's statement about reparations was made during a visit to East Berlin made in October 1988 by Edgar Bronfman, president of the World Jewish Congress.

In New York, Elan Steinberg, WJC's executive director, brushed aside the unnamed official's remarks Sunday, saying "The commitment of the German Democratic Republic is a commitment that has to be fulfilled by the government and has no dependency on any particular individual."

He said WJC and the Conference on Jewish Material Claims Against West Germany met with East German Foreign Minister Oskar Fischer in September, during the U.N. General Assembly, to discuss, among other topics, the reparations question.

Steinberg maintained that East Germany is obligated to pay one-third of the total German reparations, according to a 1952 Luxembourg agreement on indemnification of Holocaust survivors.

U.S. COOL TO GADHAFI'S LATEST BID By David Friedman

WASHINGTON, Oct. 29 (JTA) -- Libyan leader Moammar Gadhafi's assertion that he no longer is sponsoring terrorist groups won little sympathy from the State Department last week.

"We want to see irrevocable actions, not pronouncements or short-term adjustments that can be reversed," department spokeswoman Margarct Tutwiler said on Oct. 26.

She was responding to remarks Gadhafi made BONN, Oct. 29 (JTA) -- A West German of in an interview with the Cairo weekly magazine Al Mussawar. The Libyan strongman said he had previously supported some terrorist groups because he believed they could help the Arab cause.

> "But we found out that they were practicing terrorism for the sake of terrorism and for other objectives that had nothing to do with our national cause," he told the magazine.

> However, Tutwiler pointed out that "as it stands today, the notorious Abu Nidal organization is still headquartered in Tripoli, and Libya still has close ties with Abu Nidal.

"Furthermore Libya is still supplying funds, weapons, safe havens and training facilities to such groups as the Japanese Red Army, the Provisional IRA, the PFLP-GC and other terrorist groups."

The IRA is the Irish Republican Army, and the PFLP-GC is the Popular Front for the Liberation of Palestine-General Command.

BEHIND THE HEADLINES: PROGRESS REPORTED IN RESOLVING CONVENT ISSUE, SPLIT FROM IJCIC By Allison Kaplan

NEW YORK, Oct. 29 (JTA) -- The controversy over the Carmelite convent at Auschwitz has dropped from the headlines over the past several weeks, but those in contact with the Catholic Church and the Polish government say they are confident that progress toward its relocation is continuing.

Seymour Reich, who serves as chairman of IJCIC, the International Jewish Committee for Interreligious Consultations, said he anticipates that the issue may be resolved by the end of this

ycar.

Though Reich and others know that completing construction of a new convent and interreligious center away from the site of the former death camp is a goal that looms far in the future, they believe the Carmelite nuns will be moved from the current building to temporary quarters shortly.

Kalman Sultanik, vice president of the World Jewish Congress, recently reported after a trip to Poland that a number of the nuns had already moved.

The present time is being described as a period of breathing space for both Jews and Catholics, following the heated exchanges of August and September, when the conflict reached its boiling point.

Jewish groups at that time were furious over the stated refusal of Polish Catholic officials to honor their agreement to move the convent, comments by Polish Cardinal Jozef Glemp perceived to be anti-Semitic, and the Vatican's silence on the entire issue.

Concern About Changes In Poland

The situation was defused with a statement from the Vatican on Sept. 19 supporting the agreement to move the convent and build an interreligious center, and a subsequent turnaround on the part of the Polish Catholics.

Another reason for the quiet regarding the convent is Jewish uncertainty over the changes taking place in the Polish government, as the grip of the Communist party loosens.

Rabbi A. James Rudin of the American Jewish Committee, who returned from Poland last week, observed that the country is now at an important crossroads.

A current overriding concern for Jews, he By Hugh Orgel said, is whether the emerging nationalism in Poland and other parts of Eastern Europe will TEL AVI bring with it the resurrection of the region's shekel notes are traditional anti-Semitism.

Parallel to the uncertainty about nationalism are doubts about the renewed influence of the Catholic Church in Eastern Europe.

With the resurgence of the church's power, Rudin said, he is concerned about whether the theology of the newly strengthened Catholic Church will be "pre-Vatican II or post-Vatican II."

Prior to the Second Vatican Council, which took place from 1962 to 1965, it was commonly taught in the Catholic Church that the Jews were responsible for the death of Jesus and that Judaism was essentially a heretical religion.

The document that emerged from the council formally stated a more tolerant view of Judaism by the church.

As Jews begin to heal the rifts with Catholics, there also seems to be movement toward reconciliation within the Jewish community, as organizations work to resolve conflicts that were intensified by the convent controversy.

Consensus Vs. Pluralism

Leaders of the American Jewish Committee, the American Jewish Congress and the Anti-Defamation League of B'nai B'rith met with Reich on Oct. 25 to explore the possibility of the three organizations becoming part of IJCIC.

In early September, in the midst of the heat of the convent controversy, AJCommittee pulled out of IJCIC and joined forces with ADL, which left IJCIC four years ago, and AJCongress to form an alternative organization.

The new umbrella group, the Jewish Council for International Interreligious Relations, has essentially the same mandate as IJCIC: to deal with the Vatican and other international religious bodies on behalf of Judaism, in the interest of promoting stronger interreligious relations.

The split in IJCIC and the formation of an alternative group stemmed, in part, from disagreements between hard-line and more conciliatory elements within the Jewish community over the best approach for dealing with the convent issue.

But it also involved the desire of some Jewish groups to have a more open exchange with the Vatican on matters of religious doctrine, a direction strongly opposed by Orthodox elements in IJCIC.

The meeting Wednesday left Reich optimistic about the prospects of ironing out these differences and convincing the three groups that formed the Jewish Council to join IJCIC.

"I think we will be able to resolve any nuances that might be necessary in order to unite the Jewish community under one umbrella again," Reich said.

But members of the groups Reich is trying to woo said his optimism may be premature.

"I think some real issues regarding dealing with Christians have to be resolved," said Judith Banki, associate director of interreligious affairs for the American Jewish Committee.

Banki said that while uniting the groups under a common banner and one voice is a "desirable goal," there has to be "some reflection of the reality of the pluralism of the Jewish community."

COUNTERFEIT SHEKELS FLOOD ISRAEL By Hugh Orgel

TEL AVIV, Oct. 29 (JTA) -- Bogus 100 shekel notes are in wide circulation, and the Bank of Israel has issued a public alert.

Although described by the bank as "high-quality counterfeits," the bills would seem easy to detect.

They bear only seven serial numbers instead of the official 10, and the paper has no watermark.

When inflation ran at double and triple digits some years ago, Israelis hoarded foreign currency, and counterfeit \$100 bills were common.

An instrument to detect them was developed. It was the size of a cigarette pack and sold well.

Now, with the shekel relatively stable, counterfeiters are finding it profitable to forge the smaller but safer 100 shekel bills, which normally are not as carefully examined as foreign currency.