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POSTPONEMENT OF SAUDI ARMS SALE WELCOMED BY SUPPORTERS OF ISRAEL By Howard Rosenberg

WASHINGTON, Jan. 6 (JTA) -- Israel's supporters on Capitol Hill are relieved at the Bush administration's decision to delay proposing to Congress a massive arms package for Saudi Arabia until after the Persian Gulf crisis has ended.

Saudi Arabia and the United States "have agreed not to proceed at this time" with the sale. the State Department's deputy spokesman, Richard Boucher, announced Friday.

He said Secretary of State James Baker had informed members of Congress of the decision the day before.

The scrapped arms sale, valued at up to \$15 billion, was to have been the second phase of an unprecedented \$21 billion arms package the Bush administration proposed last fall, after Saudi Arabia agreed to allow U.S. troops to operate on its soil.

But lawmakers balked at the plan, so the administration agreed to split it into two chunks. The first piece, totaling some \$6.7 billion in military equipment, sailed through Congress without any recorded vote to disapprove it.

However, pro-Israel lawmakers had expressed strong reservations about the second phase, which the administration had been expected to propose soon after the new Congress convened last week.

They argued that an arms sale of such magnitude would alter the military balance in the Middle East against Israel while doing little to bolster Saudi security during the Gulf crisis. Since most weaponry takes years to produce, any new sale of arms to the Saudis would likely not be delivered for years down the road.

While Boucher of the State Department maintained Friday that "strong Saudi defense forces are an important element in regional stability," he acknowledged that "resolution of the Gulf crisis is our first priority."

Not Defeated For Good

The Bush administration "clearly did not want to have a fight at this time," said one Senate staffer.

But a State Department official said the delay is not a direct result of congressional opposition or any Saudi uncertainties about what weaponry will serve the kingdom best.

Rather, the decision was made primarily in light of the U.N. Security Council resolution sanctioning the use of force to expel Iraqi troops from Kuwait if they do not leave by Jan. 15.

"It's just a question of prioritizing things," the official said

President Bush, in a short exchange with reporters Friday afternoon, also alluded to the Jan. 15 date as a prime reason for the delay, saying the Saudis "have got to satisfy themselves on the timing here."

While Jewish groups and pro-Israel forces on Capitol Hill are relieved at the postponement, they do not seem to feel the arms package has been defeated for good.

"I'm not sure that anyone thinks of this other than as a postponement," said the Senate aide.

But he said his boss's reasons for leaning toward opposing any new large arms sales to the Saudis "really wouldn't change" if and when the crisis is resolved.

Rep. Charles Schumer (D-N.Y.) said. "It's good that the arms sale was delayed. But it should be delayed far beyond the resolution of the Gulf crisis."

Mark Pelavin, the American Jewish Congress' Washington representative, also praised the postponement. "To the extent that it decouples a major Saudi arms sale from the current crisis, it's a wise step," he said.

He said that only after the crisis can there be a legitimate debate over Saudi defense needs.

The \$15 billion package "clearly wasn't about current needs," he said.

AS BAKER PREPARES TO MEET IRAOI. BUSH STANDS FIRMLY AGAINST LINKAGE By David Friedman

WASHINGTON, Jan. 6 (JTA) -- As Secretary of State James Baker prepares to meet in Geneva on Wednesday with Iraqi Foreign Minister Tariq Aziz, the Bush administration appears to be holding firm on its policy of no linkage between the Persian Gulf crisis and the Israeli-Palestinian conflict.

President Bush rejected any such linkage again Friday, telling reporters at a news conference that Baker will not discuss the Israeli-Palestinian issue with Aziz.

Aziz was quoted Friday as saying that he will bring up the Palestinian issue when he meets with Baker.

"We can't tell anybody what he can bring up at a discussion, but there will be no linkage. Bush said.

The president said he did not even have to instruct Baker on that point.

"He and I are in total sync on this, and so are the rest of the alliance," Bush said. "There will be no linkage on these two questions."

Baker reaffirmed this position in an appearance Sunday on ABC-TV's "This Week with David Brinkley."

"We will not agree to anything that would constitute linkage of the Kuwait-Iraq problem to other problems," he said.

Baker also appeared to rule out a French proposal that if Iraq withdraws from Kuwait, an international conference on the Middle East would be held soon afterward.

Iraq Has Two Options

In Paris, French President Francois Mitterrand reiterated Friday that he believes "there is a link" between the Gulf crisis and the Palestinian issue. He maintained at a news conference that the link between the two was the right of nations to self-determination.

But Baker said Sunday, "We think that is a terrible mistake."

The secretary said he is not going to Geneva to negotiate with Aziz, but to tell the Iraqi leadership "face to face" that it has only two

"One is to comply with the United Nations Security Council resolutions fully and withdraw

from Kuwait," Baker said. He repeated Bush's assurances that if Iraq does this, the United States will not use force against it.

But if Iraq does not comply by the Jan. 15 U.N. deadline, it will face the second option, an attack from the United States and its Gulf allies.

Bush said in a radio address Saturday from Camp David that these two options are all that Baker will discuss. "This will not be secret diplomacy at work," he said.

But the president and other administration leaders are maintaining that the decision to use force has not yet been made.

The Jan. 15 deadline is for Iraq's withdrawal from Kuwait, "not a deadline for our own armed forces," Bush said in his radio address.

"Still, time is running out," he said. "It's running out because each day that passes brings real costs."

He explained that the Iraqi leader is strengthening his forces in Kuwait, and "each day that passes brings Saddam Hussein further on the path to developing biological and nuclear weapons and the missiles to deliver them."

"The only chance for peace is if they finally begin to realize in Iraq that the international community is serious," Bush said.

Israeli Cabinet Briefed

In Jerusalem, the Israeli Cabinet was briefed Sunday on the upcoming Baker-Aziz meeting and told by intelligence experts that Bush is firmly determined to face down Hussein, whether by peaceful or other means.

The Israeli Cabinet ministers were given estimates of the respective military might of the opposing forces.

The Iraqis have 540,000 troops in the war zone. But experts said the technological gap gives U.S. ground and air forces a qualitative edge.

Israel army radio reported that the United States has massed 1,500 planes and 1,300 helicopters in the area.

The Israeli Cabinet also discussed the ongoing military maneuvers in Jordan, which has given military planners cause for concern.

An unidentified expert told the ministers that Israel's neighbors fully understand Israel's position that if attacked, it will strike back hard.

(JTA correspondent David Landau in Jerusalem contributed to this report.)

AIRLINES CUT FLIGHTS TO MIDEAST AS IRAQI PULLOUT DEADLINE NEARS By Aliza Marcus

NEW YORK, Jan. 5 (JTA) -- As the U.N.imposed Jan. 15 deadline for Iraqi troop withdrawal from Kuwait approaches, some international airlines are suspending or curtailing flights to the Middle East, while the Hebrew University in Jerusalem has moved up its exam schedule to allow for the quick departure of foreign students.

Pan American World Airways announced last week it was suspending indefinitely flights to Tel Aviv and Riyadh, Saudi Arabia, because of a tremendous increase in the cost of flight insurance. Until now, Pan Am operated twice weekly flights to Riyadh and flew six days a week to Tel Aviv.

Pan Am's Jan. 3 announcement followed decisions by airlines, including British Airways and KLM Royal Dutch Airlines, to reduce flights to Tel Aviv from six to four times a week.

British Airways will institute the new policy starting Jan. 15 through March 31. An airline spokeswoman attributed the cutback to a winter slowdown in ticket demand.

This follows the airline's decision three months ago to change flight schedules so flight crews and airplanes would not have to stay overnight in Tel Aviv, which Saddam Hussein vowed would be Irag's first target if it is attacked.

Other airlines with the same policy include Swissair, KLM and Air France.

The Israeli Tourism Ministry criticized Pan Am's decision and urged the airline to resume services as soon as possible.

"To our view, there is no reason for Pan Am to suspend this service," said Rafael Farber, tourism commissioner for North America. "Life in Israel continues in a normal fashion, and thousands of tourists from countries all over the world are continuing to enjoy their stay."

Rewards Iraq, Undermines Israel
The Conference of Presidents of Major American Jewish Organizations also protested Pan Am's decision, in a letter to the airline's president, William Acker.

The conference, which represents 50 secular and religious agencies, said that "cancellation of Pan Am flights is a victory for Saddam Hussein and rewards him while undermining America's closest ally, Israel."

Pan Am was hit hard by an increase at the start of the new year in flight insurance, which was raised last week from \$3,500 per flight to \$65,000 for planes flying to Israel. For flights to Riyadh, coverage rose from \$16,000 to \$162,000, said Pam Hanlon, an Pan Am spokeswoman.

"Unfortunately, it made the flights econom-

ically unfeasible to operate," she said.

Tickets to Israel will be honored by El Al, while ticket holders for Riyadh flights will be accommodated by other airlines.

Hanlon said Pan Am, which receives its insurance coverage from Lloyd's of London, is working with the U.S. State Department and Department of Transportation to arrange for government-provided war risk insurance.

A spokesman for the Federal Aviation Administration said petitions for the insurance, which is provided at a low cost, had been submitted by both Pan Am and Trans World Airlines, which also was hit by the insurance rate increase.

Government-provided insurance has been available since the Korean War and was used most recently for commercial and cargo planes ferrying troops and supplies to Saudi Arabia, said FAA spokesman Fred Farrar.

Optional Early Exams

Meanwhile, the Hebrew University of Jerusalem, which has close to 1,500 foreign students studying there this term, has arranged an optional early exam period under pressure from parents.

Exams for overseas students were originally scheduled for the end of January. While that remains, students now have the option of taking exams Jan. 8-10, with a take-home test due at the start of the second semester in late February.

"Some schools were very concerned about the situation in the Gulf, and they put pressure on the students and their parents, who put pressure on the university," said Lawrence Besserman, director of the academic affairs office in New York for Hebrew University.

Besserman added that university officials believe students are not in any more danger than they were in a few months ago.

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U.N. STATEMENT DEPLORING VIOLENCE GETS A BITTER RESPONSE FROM ISR., EL By Aliza Marcus

UNITED NATIONS, Jan. 6 (JTA) -- Israeli officials and American Jewish leaders reacted bitterly to the Security Council's unanimous decision Friday to adopt a statement criticizing actions by Israeli forces in the Gaza Strip.

This was the fourth time in four months the 15-member council, with the support of the United States, has criticized Israel for its treatment of the Palestinians living in the administered territories

But unlike the three previous actions, which were official resolutions, Friday's statement is non-binding.

The three days of negotiations leading to the statement's acceptance shortly after midnight last Thursday were prompted by the killing of at least six Palestinians and the wounding of about 150 others by Israeli security forces in the Gaza Strip on the weekend preceding New Year's Day.

The issue was raised in the Security Council by the Palestine Liberation Organization on Dec. 31, the final day of Yemeni Ambassador Abdalla al-Ashtal's term as council president.

The United States successfully lobbied the other council members to accept general language condemning "recent acts of violence in Gaza." But the statement goes on to say "especially actions by Israeli security forces against Palestinians, which led to scores of casualties among those civilians."

In a terse and bitter reply, the Israeli Mission here said: "The Security Council has decided to usher in the new year in the same fashion in which it ended 1990, with the onesided and unjustified condemnation of Israel.'

'Obsessive Occupation With Israel'

Jewish groups also condemned the U.N. decision, which the World Jewish Congress called part of a "continuing charade."

"In what has become a ritualistic experience, the U.N. once again has singled out Israel for criticism without due consideration of the circumstances involved," said a statement issued by the American Jewish Committee.

The group called on the United Nations to "end its obsessive occupation with Israel and insure consideration of other and far more serious incidents of violence around the world," including some "within the borders of several of the Security Council members themselves."

The U.N. statement also refers to the resolution adopted by the Security Council on Dec. 20, in which Israel was criticized for resuming deportations of Palestinians from the administered territories and the U.N. secretary-general was asked to monitor the situation of Palestinians in the territories.

"The members of the council reaffirm their positions and support the work of the secretarygeneral in implementing the said resolution," the

Secretary-General Javier Perez de Cuellar has been authorized by the council to use existing U.N. personnel in the area, as well as bring in others, to monitor and observe the situation in the administered territories.

Israel has said it is opposed to this, and both it and the United States have said they would not support any change in the mandate of U.N. personnel stationed in the area.

The statement also reaffirms the applicability of the Fourth Geneva Convention of 1949, which protects the rights of civilians living under occupation, to the "Palestinian territories occupied by Israel since 1967, including Jerusalem, and request that Israel, the occupying power, fully comply with the provisions of the convention."

Israel, which annexed East Jerusalem shortly after the Six-Day War of June 1967, does not recognize the division of the city, which it views as its sovereign, indivisible capital.

ARAB BUS DRIVER KILLS ISRAELI, BUT CIRCUMSTANCES ARE UNCLEAR By Gil Sedan

JERUSALEM, Jan. 6 (JTA) -- A young Israeli woman was killed Friday in what Israeli authorities said was a deliberate terrorist act by an Arab using a bus as a weapon.

But Palestinian sources claim the bus driver was trying to defend himself from a mob after an accidental collision, when the driver was shot to death by an Israeli reserve soldier.

Sigal Allon, 21, was buried Sunday in her home village of Moshav Brosh, near the Gaza Strip. She died when the car she was riding in was rammed and crushed by a bus driven by Mohammed Samir al-Katamani, a 30-year-old Palestinian resident of the Jabalya refugee camp near Gaza.

Four other Israelis sustained relatively slight injuries when Katamani also hit their cars with the bus. Katamani was killed by a driver of one of those vehicles.

The incident occurred at about 9 a.m. near the Erez checkpoint, where Israeli soldiers stop and search Arab drivers and their vehicles passing between the Gaza Strip and Israel proper.

Katamani was driving an empty bus back to Gaza from Ashkelon, where he had taken Palestinian families early Friday morning to visit relatives in Israeli jails for security offenses.

Israeli authorities said Katamani suddenly swerved into the opposite lane and began deliberately ramming cars with Israeli license plates.

After smashing into Allon's car from the rear, he left the bus brandishing an iron bar while shouting "Allah akhbar" (God is great), Israel Radio reported.

According to the Israeli account, Katamani, who was employed by the Abu Ramadan Gaza Car Co., which owns the bus, was shot to death by a 28-year-old Israeli reserve soldier after failing to halt or heed a warning shot fired into the air.

But according to Palestinian sources, the bus hit the car accidentally when the car failed to observe a stop sign.

They said the driver left to ascertain the damage and was then threatened by an Israeli crowd. He re-entered the bus to get an iron bar to defend himself and was shot when he emerged, the Palestinian sources said.

The incident immediately triggered riots in the Gaza Strip. No details were reported, but several score Palestinians were said to have been wounded in clashes with Israeli troops.

The territory was reported calm by Sunday when Allon was buried. Her funeral was quiet. There were no calls for revenge.

Rabbi Baruch Abuhatzeira said the violence was a sign the time has come for repentance.

But one mourner remarked, "Forty years ago, residents of the Gaza Strip stole our sheep; now they are taking our lives."

THE ISRAELI FLAG FLIES IN MOSCOW FOR FIRST TIME IN NEARLY 24 YEARS By Hugh Orgel

TEL AVIV, Jan. 6 (JTA) -- The Israeli flag was raised last week over diplomatic premises in Moscow for the first time in nearly 24 years.

It was raised in modest ceremonies last Thursday over what had been the Israeli Embassy until the Soviet Union severed diplomatic relations with the Jewish state after the Six-Day War of June 1967.

"This is the day which the Lord hath made," Israeli Consul General Arye Levin said in Hebrew, quoting from Psalm 118, as he hoisted the blue and white flag with the Star of David over the building in the presence of a group of Soviet Jews.

Full diplomatic relations still have not been restored between the two countries. Many observers believe, however, that the formal opening of the new Israeli Consulate on Jan. 3 was a major move in that direction.

"I don't know what obstacles remain," said Levin, who was accredited as consul general on Dec. 25 by outgoing Soviet Foreign Minister Eduard Shevardnadze. On that day, in a reciprocal ceremony, Alexei Chistyakov, the first Soviet consul general in Israel since 1967, presented his credentials to Israeli Foreign Minister David Levy in Jerusalem.

At Thursday's ceremony, Levin asked, "If we can have consular relations, why can't we have full diplomatic relations? What is the difference? Diplomatic relations should be established between countries even if they don't see eye to eye on a number of questions."

But the Soviets are "still reticent on this subject," he said.

Nevertheless, the Israeli daily Ma'ariv quoted a source at the Soviet Embassy in Washington last week as saying, "My feeling is that we are close now to the renewal of full diplomatic relations between Israel and the Soviet Union."

200,000 Visas Processed

Meanwhile, Levin and his staff were busy preparing to start issuing Israeli visas at the new consulate to the Soviet Jews applying to immigrate each day. The consulate was closed last Thursday for most business because of the ceremonies, but on Friday the Israelis began for the first time to issue Israeli visas unaided.

About 1,200 had been lining up each day for visas at the Dutch Embassy. The Israel affairs section at the embassy represented Israeli interests in the Soviet Union during the 23-year absence of diplomatic ties between Moscow and Jerusalem.

The old Israeli Embassy, in fact, became an annex of the Netherlands legation.

An Israeli plaque will be affixed this coming Thursday to the entrance, replacing the Dutch plaque, in a separate ceremony expected to be attended by members of the foreign diplomatic corps and Soviet officials.

No Soviet officials were present at last Thursday's flag-raising. At the ceremony, scores of Jews, many of them prospective immigrants, launched into an impromptu hora, sang Israel's anthem, Hatikvah, and popular Hebrew songs.

Consul General Levin has been in Moscow for two years. Since 1989, he and his staff have processed about 200,000 Jews applying for immigrant visas, but under the auspices of Holland.

ISRAELI JET FIGHTERS DESTROY BASE USED BY PALESTINIAN GROUP IN LEBANON By Hugh Orgel

TEL AVIV, Jan. 6 (JTA) -- Israeli air force jets destroyed a terrorist base in southern Lebanon on Sunday morning in Israel's second air attack over Lebanon since the year began.

An Israel Defense Force lieutenant was slightly wounded in the attack.

The target was identified as a local headquarters of George Habash's Popular Front for the Liberation of Palestine, located in the Ein el-Hilweh refugee camp southeast of Sidon. The Popular Front is a hard-line faction of the Palestine Liberation Organization.

Three terrorists were killed and six were injured in the attack, according to reports from Lebanon. Police said the raid was carried out by six aircraft, which fired air-to-ground missiles and dropped delayed-action bombs.

Meanwhile, on Israel's northeastern border, a lone infiltrator from Jordan was killed in an encounter Saturday with an IDF patrol in the Golan Heights, a military spokesman announced.

The infiltration was the latest in a spate of such attempts from Jordan into Israel since last fall. Two in November resulted in IDF fatalities.

The latest infiltration from Jordan occurred near the junction of the Israeli, Jordanian and Syrian borders. A khaki-clad intruder armed with a pistol hid among bushes a few yards inside the barbed-wire border fence.

As an IDF patrol approached, he jumped from concealment and fired at the officer leading the unit. He shouted "Allah akhbar" (God is Great) before he was shot to death.

Jordanian soldiers were seen Sunday morning searching Mukeibe village in Jordan, about 2,000 feet from the Israeli border, from where the infiltrator apparently came.

IDF sources say the infiltrator appeared to have belonged to an Islamic fundamentalist group, which is having a strong showing in that country and is now represented in the Jordanian government. IDF sources predict more future trouble from that element.

IDF COLONEL TIED TO DRUG CARTEL GETS ONE-YEAR SUSPENDED SENTENCE BY Hugh Orgel

TEL AVIV, Jan. 6 (JTA) -- An Israel Defense Force reserve officer who allegedly trained assassins for a Colombian drug cartel was given a one-year suspended sentence Friday and ordered to pay \$75,000 in fines by a Jerusalem magistrate.

Lt. Col. Yair Klein, who owns Hod Hahanit (Spearhead), a security-consulting company, pleaded guilty to the illegal export of military equipment and know-how.

But he plans to appeal the sentence, saying he prefers jail to taking out loans he would need to pay the \$40,000 personal fine and the \$35,000 fine levied against his company.

Klein pleaded guilty to negotiating and exporting military expertise, skills and weapons to foreign nationals without a license, although he claims no license was needed for what he did.

He identified his clients as the Cattle-Raisers Association in Colombia and said he provided weapons and training for their defense against cattle rustlers and guerrillas.

The Colombian government complained that Klein trained and armed drug hit-men.