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**IRAQI MISSILE ATTACK ON SHABBAT
CAUSES EXTENSIVE PROPERTY DAMAGE**

By Hugh Orgel

TEL AVIV, Feb. 10 (JTA) -- An Iraqi Scud missile that struck Israel early Saturday morning injured 26 people, none seriously, but did tremendous damage to residential property.

Although the Israel Defense Force did not pinpoint the impact site, radio reports identified it as an "upper middle-class residential area of a Greater Tel Aviv suburb."

Eleven homes were totally destroyed by the high-explosive conventional warhead and at least a dozen others were damaged beyond repair.

A total of 500 homes, mainly one and two-story villas, had varying degrees of damage. People rendered suddenly homeless were accommodated at nearby hotels.

Widespread damage over a large area was reported to doors, windows and especially tiled roofs.

At least one Patriot anti-missile missile was fired at the intruding Scud. The IDF would not confirm a hit. Although there was a large crater at the impact site, much of the damage appeared to have been done by falling debris, which indicated that a Patriot had intercepted a Scud in midair.

The missile was the 31st fired into Israel from western Iraq since Jan. 18. It hit at 2:30 a.m. Saturday morning, ending a six-day lull in which no missile attacks occurred and life had begun to return to normal in the Greater Tel Aviv area, which has been the prime target of the Iraqi attacks.

The property damage appears to have exceeded that done by the Scud missile that hit Ramat Gan on Jan. 22, which destroyed or damaged 20 buildings and injured 70.

The local municipality has put shipping containers at the disposal of bombed-out residents, to store whatever furniture and household items can be salvaged from the wreckage of their homes.

Altercation Among Rescue Authorities

Meanwhile, the IDF, civil defense and fire brigade authorities are investigating an altercation between firefighters and the civil defense's Special Disaster Rescue Squad at the blast site, a dispute that ended in fisticuffs.

The fire brigade reached the impact site first and set about putting out fires and searching the ruins for survivors.

The firefighters also set up emergency lighting and communications, necessary because all of the electrical and telephone lines in the area had been knocked down.

When the Emergency Rescue Squad arrived, its commander ordered the firefighters out of the area. According to regulations, the Emergency Rescue Squad has full command of a disaster area. But the firefighters reportedly refused to leave because they were in the middle of rescue operations.

The Emergency Squad commander reportedly assaulted the fire chief, breaking three of his teeth. The commander was suspended pending the outcome of the investigation.

**ARENS TO MEET MONDAY WITH CHENEY,
MAY COORDINATE MILITARY MOVES**

By David Landau

JERUSALEM, Feb. 10 (JTA) -- Defense Minister Moshe Arens' brief and quickly arranged visit to Washington on Monday may be intended for him to review scenarios with U.S. defense policy-makers in the event of an allied ground attack on Iraqi forces.

Such an attack could trigger escalated Iraqi retaliation against Israel in various forms. The United States and Israel would want to work out ahead of time their respective reactions to various of several possibilities.

But this assessment of what the nature of the talks would be was little more than speculation, since Israeli officials kept a tight information blackout on the trip Sunday as the defense minister and his aides made ready to depart for the United States.

Arens is to see Defense Secretary Dick Cheney shortly after his return from Saudi Arabia, where he and Gen. Colin Powell, chairman of the Joint Chiefs of Staff, have just consulted with field commanders about the timing of a ground operation.

Some observers suggested Israel's own sworn retaliation against Iraq could come around the time of the allied land action, and that this, too, could be under discussion in the Washington talks.

Observers here discounted suggestions that Arens would be discussing the prospect of longer-term military aid for Israel. Given the pressures on top U.S. policy-makers at this crucial juncture in the war, they said, it was unlikely that the U.S.-Israeli dialogue would dwell on non-operative matters at this time.

Observers also noted reports of ongoing efforts by both countries to introduce improvements into the Patriot anti-missile rockets, in order to afford better protection against Iraqi Scuds hitting civilian areas.

Foreign Minister David Levy is due in New York and Washington later in the week. Predictions here are that he will focus on the longer-term picture in his talks with Secretary of State James Baker and other officials.

During the weekly Cabinet meeting Sunday, Science Minister Yuval Ne'eman of the Tehiya party warned against any concessions by Levy to the Americans, and this reportedly provoked sharp exchanges across the table.

**3 JORDANIAN INFILTRATORS SLAIN
AFTER WOUNDING ISRAELI SOLDIERS**

By Hugh Orgel

TEL AVIV, Feb. 10 (JTA) -- Three armed infiltrators from Jordan who may have been on a suicide mission were killed Friday morning by Israel Defense Force soldiers, after the intruders ambushed and wounded four other soldiers traveling in a bus on a road in the Negev.

The intruders carried Kalachnikov assault rifles, grenades, knives and axes. Copies of the Koran were found on their bodies with documents certifying them to be "religious martyrs."

Such documents are usually issued to the families of Moslems who fall in battle.

A hitherto unknown group in Amman calling itself the Army of Mohammed took responsibility and announced that the men had "died bravely while attacking the enemy."

IDF sources believe the intruders were members of the Jordanian Popular Army, which was recently issued arms by the Jordanian government.

Recently, Islamic fundamentalists in Jordan have attained prominent places in Jordan's Parliament and been given new latitude by King Hussein. On Fridays, the Moslem Sabbath, religious leaders have counseled attacking Israel as part of their weekly sermons.

The infiltrators crossed the unmarked border in the Arava region of the Negev and took ambush positions in a wadi, or dry river bed, near the Tsukim road junction. Their first target was the bus, a civilian vehicle carrying soldiers home on leave from Eilat.

The driver, a civilian, said later that three men suddenly rose from a roadside gully pointing weapons at him. He said one of them lobbed a grenade into the bus, and the explosive device landed at his feet. The driver said he tossed it out before it exploded.

After he sped on for another six-tenths of a mile, the driver said, he stopped the bus, ordered the passengers out and summoned help by two-way radio.

The infiltrators meanwhile opened fire on a military vehicle and on another bus filled with soldiers, wounding four of them.

Three of the soldiers were reported to have sustained minor wounds. The fourth, a woman, suffered light to medium wounds.

The southern border region has been on alert since November, when an infiltrator from Egypt killed four soldiers and a civilian bus driver in a road ambush northwest of Eilat.

The latest infiltration came two days after King Hussein made a provocative speech effectively ending his professed neutrality in the Persian Gulf war.

Shamir Plays Down Threat

Jordan has been roiling with pro-Iraqi, anti-American demonstrations, particularly since Jordanian truck drivers have been killed by allied fire while driving on the road connecting Jordan with Iraq and after Washington announced it would review economic aid to that country.

Prime Minister Yitzhak Shamir has played down the latest infiltration while nonetheless expressing concern over King Hussein's speech, in which the monarch openly aligned himself with Saddam Hussein.

In an interview Friday, Shamir said he expected the Jordanian border would quiet down when the Gulf war ends. But he and other government leaders have also expressed apprehension over the king's speech.

The king, appearing Sunday on American television, rebutted the recent strong criticism of his speech, saying he still opposed Iraq's occupation of Kuwait and was hurt by the U.S. reaction to his speech, which Jordanians themselves have said was directed at Jordanian ears.

However, during his interview on ABC-TV's "This Week With David Brinkley," King Hussein did not condemn Iraq or its missile attacks on Israel. He said Iraq "probably feels that it is being struck by the United States, and it's striking at strategic allies of the United States."

The king maintained that the Iraqi occupa-

tion of Kuwait should be resolved in the context of a resolution of the Israeli-Palestinian problem as well as that of divided Cyprus.

At Sunday's weekly Cabinet meeting in Jerusalem, defense specialists gave an assessment of King Hussein's power, concluding that despite the problems the monarch is undergoing, his regime is not in imminent danger of collapse, according to a report on the combined broadcasts of Israel Radio and army radio.

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

SOME ARABS FROM THE TERRITORIES ALLOWED TO RESUME JOBS IN ISRAEL **By Gil Sedan**

JERUSALEM, Feb. 10 (JTA) -- Fear and mistrust were evident Sunday on both sides of the Green Line as Arab workers from the West Bank and Gaza Strip were allowed to return to jobs in Israel for the first time since the territories were sealed off at the start of the Persian Gulf war Jan. 16.

After 26 days of confinement, mostly under curfew, only a relative handful reported for work.

Palestinians, knowing the fury aroused in Israel by their rejoicing over Saddam Hussein's missile attacks on Tel Aviv, were apprehensive about showing their faces in Jewish population centers.

The authorities limited work permits to 6,000, but no more than 1,500 showed up.

Israelis, for their part, feared a renewal of terrorist activities in the highly charged war atmosphere. Israel proper was open to industrial, construction and agricultural workers. But the Tel Aviv and Haifa areas, which provide most of the jobs, were excluded.

Permission to work in other regions was given on condition that the employers pick up their workers and return them home before dark.

Contractors in the Beersheba region feared entering the Gaza Strip and thus did not pick up Palestinian construction workers.

Tension was heightened when residents of Jewish settlements bordering the West Bank were alerted to the possibility that terrorists might infiltrate with the workers.

Curfews were reimposed throughout the territories as soon as the workers returned for the night.

The military authorities were concerned that restored freedom of movement would reactivate the intifada, which has been dormant as long as the territories have been under strict curfew.

No sooner was the curfew lifted Sunday morning at the El-Bureij refugee camp in the Gaza Strip than fierce clashes erupted between Palestinian youths and Israel Defense Force soldiers. The curfew was swiftly reimposed.

The Shin Bet internal security service and the IDF announced, meanwhile, that some 350 activists of Hamas, the extremist Moslem fundamentalist movement in the Gaza Strip, have been arrested and their weapons seized.

The security forces also reportedly captured regional commanders alleged to be responsible for attacks on Jews and on Arabs suspected of collaborating with Israel.

They said they had in custody Ashraf Ba'aloui, suspected of murdering three Israeli factory workers in Jaffa two months ago. He was arrested hiding out in Ramallah. The killer allegedly acted on instructions issued by Hamas.

U.S. PROPOSES DEMILITARIZATION OF GOLAN HEIGHTS, AID TO SYRIA

By Howard Rosenberg

WASHINGTON, Feb. 10 (JTA) -- Israel is being asked by the United States to consider demilitarizing the Golan Heights and putting it under permanent U.S. or U.N. supervision.

Israeli Embassy officials on Friday confirmed news reports in Israel that the proposal was made recently by Secretary of State James Baker to Israeli Ambassador Zalman Shoval.

The ideas were not posed as a "formal question that we would need a formal answer to," embassy spokeswoman Ruth Yaron said Friday.

State Department spokeswoman Margaret Tutwiler said she was unaware of such a discussion, which apparently took place Jan. 30 during an informal meeting Baker had with Shoval.

Baker will have an opportunity to explore this idea further when he meets Thursday or Friday with Israeli Foreign Minister David Levy.

Tutwiler said Levy asked for the meeting, which will take place before the foreign minister flies to Miami to address the plenum of the National Jewish Community Relations Advisory Council next Sunday.

In the meeting between Baker and Shoval, Baker raised a number of "possible scenarios" affecting Israeli-Syrian relations, including the demilitarization of the Golan Heights, which Israel captured during the Six-Day War of 1967.

Unlike the West Bank and Gaza Strip, which remain administered territories, the Golan was formally annexed by Israel in December 1981. Syria has insisted it be returned.

Baker also raised the possibility of extending U.S. economic aid to Syria in return for Syrian actions to "stop its state-sponsored terrorism," Yaron said.

Shoval responded by saying "such ideas might be good ideas if they might come part and parcel of a more complete arrangement" with Syria, such as a peace treaty, Yaron said.

A State Department official explained that one step Syria could take is to completely cut off ties to terrorist groups, which would lead to its removal from the U.S. list of countries engaged in state-sponsored terrorism.

A more complicated step to become eligible to receive U.S. economic aid requires that Syria dramatically end its human rights abuses and, among other things, cease its involvement in drug trafficking, the official added.

E.C. NO LONGER CONSIDERS PLO CREDIBLE PARTNER, ISRAELI SAYS

By Yossi Lempkowitz

BRUSSELS, Feb. 10 (JTA) -- The European Community has taken a second look at the Palestine Liberation Organization and no longer considers it a "credible" partner in Middle East peace talks, Israel's ambassador to the E.C., Avi Primor, told a group of journalists here Friday.

According to Primor, who is also ambassador to Belgium, the E.C. now shuns Yasir Arafat's PLO because it supports Saddam Hussein of Iraq.

The shift marks a "profound modification" of Europe's attitude toward Israel, the envoy said.

He spoke after diplomatic sources announced last week that the E.C. had "frozen" all contacts with the PLO to protest Arafat's stance in the Gulf war.

The sources noted that the 12 E.C. foreign

ministers decided on Feb. 4 to launch a Middle East diplomatic initiative by inviting the foreign ministers of Israel, Egypt, Syria and the Union of Arab Maghreb (North African nations of Tunisia, Algeria and Morocco) to post-Gulf War talks.

Pointedly excluded is the PLO, which the E.C. had in the past always insisted must be a participant in the regional peace process.

Primor said the new E.C. posture remakes its previous position, which had "been always unilateral and unbalanced" toward Israel.

A further gesture made by the European body was the E.C. foreign ministers' decision on Feb. 4 to include Israel in the financial aid package it had agreed upon earlier for Egypt, Jordan and Turkey, whose economies have been profoundly damaged by the Gulf war.

"This is also an important step," said Primor.

He said the E.C. Council of Ministers is now ready to study Israel's 1989 peace initiative, which calls for elections in the West Bank and Gaza Strip, to see if it could be a "starting point" for peace negotiations in the Middle East.

In Italy, meanwhile, Renato Altissimo, leader of the small Liberal Party, which is part of the governing coalition, called for a complete revamping of Middle East policy in favor of Israel.

Altissimo, just back from a visit to Jerusalem, said the E.C. and Italy must clearly establish what their position will be after the Gulf war.

"Only if Europe, and thus Italy, gives serious and concrete proof of support to Israel, helping that country out of the sense of isolation in which it finds itself, will it be possible to construct a post-crisis solution," he said.

Altissimo also urged the Vatican to extend diplomatic recognition to Israel.

He called on the E.C. to regulate arms sales to the region and to hold a Helsinki-type Middle East conference along the lines of the Conference on Security and Cooperation in Europe.

The Liberal Party leader reported on his meeting with Israeli Foreign Minister David Levy and other Israeli political figures.

Altissimo said he found in Israel "a great disillusion and bitterness over the fact that Rome continues to hold the PLO as a valid and respectable interlocutor."

(JTA correspondent Ruth E. Gruber in Rome contributed to this report.)

CZECHOSLOVAK GOVERNMENT APPROVES FLIGHTS BETWEEN PRAGUE AND TEL AVIV

By Josef Klansky

PRAGUE, Feb. 10 (JTA) -- Direct flights between Prague and Tel Aviv were approved last Thursday by the Czechoslovak federal government.

The inaugural date and technical details have yet to be worked out between El Al and CSA, the Czechoslovak airline. But security problems, which held up the start of flights after the two countries agreed to them in principle last June, have been settled.

Formal approval of the air link at this time was seen as a further expression of Czechoslovakia's solidarity with Israel since it became the target of unprovoked Iraqi rocket attacks last month.

Another gesture of solidarity was the condemnation of Saddam Hussein's aggression against Israel by the National Assembly, which praised Israel for its restraint in the Persian Gulf conflict.

**AGENCY TO DISCUSS HOW MUCH MORE
MUST BE RAISED FOR SOVIET JEWRY**

By Aliza Marcus

NEW YORK, Feb. 10 (JTA) -- When the Jewish Agency Board of Governors convenes in Jerusalem later this week, its first order of business will be to draw up a budget for the remainder of 1991, as the Jewish Agency adjusts to a new fiscal year based on the calendar year.

But the Feb. 12-21 meeting is also expected to resolve some important questions about how the Diaspora Jewish community will finance the additional \$1.3 billion the Jewish Agency estimates it will need to assist in the immigration and resettlement of up to 1 million Soviet Jews through 1993.

The Jewish Agency, which pays for the transportation of immigrants and their possessions to Israel, along with approximately 25 percent of their first-year absorption costs, is funded mainly by the United Jewish Appeal, which raises money in federation campaigns across the United States.

In 1990, Diaspora Jews were asked to raise \$600 million to aid what was then thought to be a lower rate of immigration, with the bulk of the money being raised by the U.S. Jewish community.

Under the auspices of UJA, a \$420 million Operation Exodus campaign was launched and, by all accounts, it has met with resounding success.

But last October, when it became clear the number of Soviet immigrants would reach 200,000 in 1990 and possibly double that in 1991, the Board of Governors decided the Jewish Agency would need a total of \$1.9 billion to resettle the Soviet olim expected to arrive through 1993.

Impact Of A New Campaign

The Board of Governors must now decide how to come up with the approximately \$1.3 billion left after Operation Exodus proceeds are subtracted.

Federation officials in the United States have raised worries that if asked to start a new campaign for Soviet Jews -- one that could be more than double the unprecedented Operation Exodus goal -- they would find themselves bankrupting their own communities, especially with the current recessionary economy.

But Jewish Agency officials apparently think there is plenty of Diaspora money left to tap.

"I would say that world Jewry could meet the full costs of Russian aliyah without any major impact on their standard of living," Mendel Kaplan, chairman of the Board of Governors, said in an interview last week.

But Kaplan said the Jewish Agency would not expect Diaspora Jewry to come up with the full \$1.3 billion from traditional fund raising. He said the Jewish Agency would seek less demanding sources of income.

Some officials involved in the financing of the massive aliyah have suggested instituting a loan program in place of the Jewish Agency's share of the grants currently given to Soviet olim, thereby doing away with a large portion of needed fund raising.

These loans, which would be financed by Israeli banks and guaranteed by federations in the United States, would be repayable under low-interest terms over 10 years, according to a preliminary proposal drafted by the Council of Jewish Federations.

According to the CJF report, the loan program might also lead to a decrease in the number

of people receiving money, as those not in financial need might choose not to take out a loan.

Additional money will be sought by streamlining Jewish Agency operations and putting 75 percent of the 1991 operating budget -- which will probably run close to \$400 million -- toward Soviet absorption, said Kaplan.

Money Raised Beyond \$420 Million

The remainder needed to finance the immigration will come from additional federation fund raising, in what already is being referred to as Operation Exodus II.

But UJA's current Operation Exodus campaign may very well end up raising more money than it originally planned, meaning that less will have to be raised later.

Many Jewish communities, either because they realized more money would be needed, or because their members were so generous, raised substantially more money than they originally promised UJA.

The United Jewish Appeal Federation of Greater Washington, for example, raised \$16 million for Operation Exodus, although its original goal was \$10.6 million, said Ted Farber, its executive vice president.

By the time all the federations have completed their campaigns, it is estimated that the total raised will have surpassed UJA's original goal of \$420 million by \$100 million to \$160 million.

But how much of that money UJA will get remains unclear.

Many of the local federations used the Operation Exodus banner to raise money both for their UJA commitments for resettlement in Israel and to pay for the cost of resettling Soviet Jews in their own communities.

Nearly 40,000 Soviet Jews immigrated to the United States last year, and an identical number is expected to arrive here this year, with local federations picking up a substantial share of the resettlement costs.

The exact portion of the money that will go for local resettlement needs, versus what will ultimately be given to UJA for resettlement in Israel, is not yet known, said officials involved in the fund-raising effort.

But it has been estimated by some that UJA will get an extra \$20 million, with the remaining money earmarked for resettlement in the United States.

Accelerated Cash Drive

Officials have stressed that all money raised under Operation Exodus will go, either here or in Israel, solely for the resettlement of Soviet Jews.

"We can't use the money for areas other than we said we would," said Allan Gelford, campaign director at the Jewish Welfare Federation of Detroit. The Detroit federation set a goal of \$16.5 million for local and overseas needs, and raised over \$20 million.

Meanwhile, federation officials are now asking donors to pay their pledges -- originally payable over a three-year period -- as soon as possible, due to Israel's tremendous need for cash.

"The objective is to bring full repayment by March 31," said Kaplan of the Jewish Agency.

UJA officials said they have so far received \$186.6 million in cash and are hopeful the March goal will be met.

(JTA correspondent Charles Hoffman in Jerusalem contributed to this report.)