

**HOUSE PANEL BACKS \$650 MILLION
IN ADDITIONAL U.S. AID FOR ISRAEL**

By Howard Rosenberg

WASHINGTON, March 5 (JTA) -- The House Appropriations Committee has approved a Bush administration request for an additional \$650 million in U.S. aid to Israel, to compensate for its added defense costs in the months during and leading up to Operation Desert Storm.

The funds, which still require passage by the full House of Representatives and the Senate, would "help pick up some of those very significant elements of expenditure that Israel faced as we went forward with this war," Rep. Jerry Lewis (R-Calif.), a committee member, told a gathering of Simon Wiesenthal Center leaders here.

The unanimous vote of approval Tuesday, on an amendment sponsored by Rep. David Obey (D-Wis.), came three days after Secretary of State James Baker and Israeli Ambassador Zalman Shoval held an unusual Saturday meeting to discuss the supplemental aid question.

Israel had formally submitted a request to Baker on Feb. 20 for \$1 billion in special aid to offset its added military spending since Aug. 2, when Iraq invaded Kuwait.

Although the Bush administration had said it would view sympathetically any Israeli aid request related to the war, last fall's landmark budget agreement requires that any unforseen, non-emergency spending be offset by cuts elsewhere in the federal budget.

Budget Director Richard Darman had told the Senate Appropriations Committee on Feb. 26 that the aid for Israel could not be justified as emergency spending.

But the administration retreated from that position over the weekend, and settled on the \$650 million figure in negotiations with Israel.

Israel Agrees To Delay Loan Request

The aid is included in the second of two supplemental aid bills stemming from the Gulf crisis. One covers the Pentagon's direct war costs, while the other includes a potpourri of other war-related spending.

As part of the deal, Israel agreed to wait until early September to request an additional \$10 billion in U.S. guarantees for loans needed for immigrant resettlement, according to Jess Hordes, Washington representative of the Anti-Defamation League of B'nai B'rith. Israel received \$400 million worth of U.S. loan guarantees for that purpose on Feb. 20, after a nine-month delay.

Hordes said the administration has also agreed not to block any move in Congress to keep U.S. Patriot missile batteries deployed in Israel permanently. A pro-Israel lobbyist said negotiations on that point would take place "in the near future."

The \$650 million figure marks a retreat from the \$910 million figure Israeli Defense Minister Moshe Arens floated during his Feb. 11 meeting here with Baker.

When the formal Israeli request for \$1 billion was later submitted, it was criticized by pro-Israel lobbyists here as too much.

In a rare public statement late Tuesday, the American Israel Public Affairs Committee praised

the administration's commitment, saying it "demonstrates an understanding of Israel's heightened security needs." The statement also praised "Secretary Baker's leadership and bipartisan support in the Congress."

Hordes said the \$650 million "goes some way to meet Israel's needs, (but) it does not fully address the scope of Israel's problems."

**E.C. TO AID ISRAEL, PALESTINIANS
FOR LOSSES INCURRED BY GULF WAR**
By Yossi Lempkowicz

BRUSSELS, March 5 (JTA) -- The European Community has agreed to a \$300 million package to compensate Israel and the Palestinians in the West Bank and Gaza Strip for their economic losses arising from the Persian Gulf war.

The 12 E.C. foreign ministers on Tuesday approved a \$210 million loan to Israel and a \$90 million grant to the Palestinians.

The "symmetric" aid to both Israelis and Palestinians, first proposed by Foreign Minister Hans-Dietrich Genscher of Germany, was approved in principle last month, but no amount was set at the time.

The amount was the subject of debate Monday by the E.C. foreign ministers, who were acting on a proposal submitted by the European Commission, the E.C. executive body. An initial proposed sum of \$335 million, mentioned over the weekend by French Foreign Minister Roland Dumas, apparently was scaled back by reducing the Palestinian grant by \$45 million.

At the same time, the E.C. agreed to subsidize the interest on the Israeli loan in the amount of \$40 million from its own budget. The loan will be offered at prevailing market rates.

It is intended to help Israel restore its balance of payments, which suffered from reduced exports and a sharp drop in tourism attributable directly to the Persian Gulf crisis.

The Palestinians are to be compensated for the economic losses they suffered as a result of prolonged curfews and other restrictions, which kept them from their jobs in Israel proper, and the loss of remittances from Kuwait, where many held jobs.

Their aid will be channeled through Palestinian banks and agricultural cooperatives. It will be earmarked to improve economic and social conditions, including the construction of Palestinian schools and hospitals in the territories.

The European Commission also proposed to facilitate the entry of more Palestinian agricultural products into the European market.

There were no conditions attached to the aid package. But diplomatic sources here said the E.C. foreign ministers share the French view that it is "time for Israel to accept the presence in the territories of a representative of the E.C. Commission."

Israel objects to an official E.C. presence in the territories on the grounds that it would imply diplomatic recognition of some future Palestinian entity in the West Bank and Gaza Strip. Israel argues that the E.C. Commission already has diplomatic representation, in the person of Gwyn Morgan, who has ambassadorial status and an office in Tel Aviv.

**CHENEY SAYS GULF WAR GAVE ISRAEL
GREATER MILITARY EDGE IN MIDEAST**

By David Friedman

WASHINGTON, March 5 (JTA) -- Israel's military superiority over its Arab neighbors has been increased greatly by the destruction of Iraq's offensive military capability, Defense Secretary Dick Cheney told a largely Jewish audience here Tuesday.

The United States remains committed to Israel's security and to maintaining its qualitative military edge, Cheney told the national leadership assembly of the Conference of Presidents of Major American Jewish Organizations.

It is "important to recognize that the threat to Israel has been substantially" decreased by the successful outcome of the Persian Gulf war, Cheney said. "Israel's qualitative edge has accordingly increased substantially."

Cheney said that as a result of the Gulf crisis, relations between Israel and the United States are "as close as they have ever been."

He explained that the relationship that previously existed and the experience of strategic cooperation had made it easier for Israel and the United States to move quickly to meet the threat posed to Israel by Iraqi Scud missiles.

But Cheney also pointed out that without the longstanding U.S. defense relationship with Saudi Arabia, the United States would not have been able to mount the large force in the Gulf needed to drive Saddam Hussein out of Kuwait.

He noted that more than 25 percent of the military sales to Saudi Arabia had been to build bases and infrastructure which in the Gulf war was used by the U.S. and other coalition forces.

These bases "do not threaten Israel or any other country," he said.

In an obvious dig at the years of opposition to Saudi arms sales from the Conference of Presidents, Cheney said, "No one can say now, as some have over the years, that Saudi Arabia has no one it needs to defend" against.

His comment may have been an early attempt to head off a fight over a \$14 billion arms sale to Saudi Arabia that the Bush administration is expected to propose later this year.

Two-Track Diplomatic Approach

Some 200 persons attended the daylong leadership assembly at George Washington University to express appreciation for the administration's leadership in the Gulf crisis, pride in U.S. troops and solidarity with Israel, said Shoshana Cardin, chairman of the Conference of Presidents.

The assembly, which had originally been scheduled to express support for the war, came a day before Secretary of State James Baker was to leave on a mission to the Middle East.

Baker, who will be making his first visit to Israel, is expected to propose a "two-track" approach as he seeks to find out how the Arab countries and Israel now want to move ahead in the peace process.

This approach was explained to the leadership assembly by Dennis Ross, the State Department's director of policy planning, who will accompany Baker.

One track would lead to the Arab states establishing peace with Israel and the other would lead to Israeli reconciliation with the Palestinians, Ross said. Both efforts would be parallel.

Israeli Foreign Minister David Levy seemed to move toward this approach in a message he

sent to the assembly, which was read by Albert Ben-Abu, his adviser on world Jewish affairs.

Levy said the Arab countries must agree to open negotiations with Israel without preconditions. "Within this framework, the Palestinian issue will be addressed and, together with the residents of Judea, Samaria and Gaza, an appropriate resolution will be found."

Likewise, Prime Minister Yitzhak Shamir, in a telephone call to the conference, said that Israel is ready to talk with any Arab country about peace without preconditions. "I believe that the events of the past six months have given even greater validity to our peace plan of May 1988," he added.

Israeli Ambassador Zalman Shoval said the Gulf war has shown the importance of territory as a buffer against hostile neighbors. But he added that if the Arab countries were willing to make peace, Israel might be more forthcoming on the Palestinian issue. Shoval left the conference to fly to Israel, where he will work on the preparations for the Baker visit.

Also addressing the assembly were Senate Majority Leader George Mitchell (D-Maine), House Speaker Thomas Foley (D-Wash.) and Robert Michel (R-Ill.), the House minority leader.

**CBS NEWSMAN BOB SIMON TELLS
OF ORDEAL AS CAPTURED JEW**By Ruth Rothenberg
London Jewish Chronicle

LONDON, March 5 (JTA) -- CBS News correspondent Bob Simon was worried that his Jewishness might cost him his life during the six weeks he and three colleagues were prisoners of the Iraqis while the Persian Gulf war raged.

"I thought my number was up when they started accusing me of being a member of Mossad," the Israeli intelligence service, said Simon, who is normally based in Tel Aviv.

He said his captors "kept shouting 'Yehudi, Yehudi' at me.

"I was more worried about my Jewishness than my Tel Aviv posting," the American newsman told reporters at the Humana Wellington Hospital in northwest London, where he was admitted for medical checkups and treatment.

Simon and three members of his television crew were captured by an Iraqi patrol on the Saudi-Kuwaiti border four days after the Gulf war started Jan. 17. They were released Saturday.

Simon said that after their capture, the four men were taken to the southern Iraqi city of Basra, where they were brutally beaten, and then to an army prison camp for eight days, where discipline was severe but some kindness was shown. Afterward they were put in solitary confinement and interrogated for 24 days.

Simon also described his ordeal Sunday night on the CBS television show "60 Minutes":

"An army guy, a captain -- he had two stars, which is a captain in the Iraqi army -- he grabbed me by the face, forced my mouth open and said, 'Yehudi, Yehudi,' which means Jewish, and then spit at me and slapped me. This sixth instinct that every anti-Semite has ever had -- 'Jew, dirty Jew.'

"I didn't think he would shoot me. I could have killed him. I would have killed him if I could have. I would have killed him, and I would have had no more remorse than I had every morning when I got up and killed a cockroach in my room."

SHARON PLANS TO BUILD 24,000 UNITS IN TERRITORIES, KNESSET MEMBERS SAY

By Gil Sedan and David Landau

JERUSALEM, March 5 (JTA) -- Two opposition Knesset members accused the government Tuesday of circumventing its commitment to Washington not to settle new immigrants in the administered territories.

According to Eli Ben-Menahem of the Labor Party and Charlie Biton, an independent aligned with Labor, the Housing Ministry plans to build new housing in the territories for residents of slum neighborhoods in Israel proper, whose homes would then become available for new immigrants.

The effect would be to increase the Jewish population of the territories, and that could put future peace talks in jeopardy, the Knesset members maintained at a news conference here.

The two charged that Housing Minister Ariel Sharon plans to build 24,000 housing units in the territories and designate them as a rehabilitation project for 90,000 residents of economically depressed neighborhoods.

They showed reporters a set of documents they described as "Ariel Sharon's black book."

According to the documents, his ministry plans 10,400 housing units in Ofarim; 1,700 in Alci-Zahav; 2,100 in Avnei-Hefetz; 2,100 in Ariel B; 2,800 in Bruchin; and 1,100 in Revava.

Sharon said the figures were "unfortunately" exaggerated and that the government stands by its pledge not to direct olim to the territories.

The pledge was given to the United States as a condition for receiving U.S. guarantees enabling Israel to obtain \$400 million in commercial banks loans at favorable rates to build housing for Soviet immigrants.

The guarantees, released by the State Department Feb. 20 after months of delay, were held up last month after two other opposition Knesset members charged Sharon planned to build 12,000 housing units for immigrants in the West Bank.

Debate Over The Golan Heights

The Bush administration was furious over the charge by Dedi Zucker of the Citizens Rights Movement and Haim Oron of Mapam. But when the Israeli government flatly denied the charge, Washington put the matter to rest.

The latest accusations were made on the eve of U.S. Secretary of State James Baker's departure for Israel and several Arab countries.

Baker is widely expected to press Israel to resume the peace process, which has been in hiatus since the Persian Gulf crisis erupted last August. But there is broad opposition in Likud to further territorial concessions by Israel.

Knesset Speaker Dov Shilansky of Likud intends to dramatize his rejection of territorial compromise by demonstrative visits to the Golan Heights and West Bank just before Baker arrives in Israel. The move is unusual, insofar as the speaker of the Knesset is barred by custom from publicly speaking out on controversial issues.

The Labor Party also has its hawks. One of them, Knesset member Micha Goldman, charged Tuesday in Ma'ariv that Likud is prepared to trade the Golan Heights for the West Bank.

Goldman, who is close to former Defense Minister Yitzhak Rabin, charged that Likud leaders "seem ready to promote negotiations with Syria at the expense of the Golan settlements, just as they did in Sinai during the negotiations with Egypt."

KNESSET PROTESTS ABSORPTION CUTS, FEARING EFFECT ON SOVIET ALIYAH

By David Landau

JERUSALEM, March 5 (JTA) -- Sharp cuts in the "absorption basket" of cash aid to new immigrants has triggered a rebellion in the Knesset, where many members fear Soviet aliyah will be reduced and that many olim already here will leave for greener pastures abroad.

The outcry cuts across party lines and is aimed primarily at the Treasury and the Jewish Agency for Israel, the Diaspora-funded body that pays a portion of immigrant absorption costs.

Knesset members have warned the Finance Ministry they will refuse to vote for the state budget next month if the government persists in its plans to substantially reduce its subsidies to immigrant families.

The cuts amount to a 50 percent reduction of assistance to olim, aliyah activists charge. Government officials dispute that figure.

The handout of about \$11,000 in cash and services to a newly arrived immigrant family of three has been reduced to \$7,000.

Moreover, the amount is no longer entirely a grant. The Jewish Agency has converted its one-third share of the package to a loan, despite protests raised when the change was proposed at a Feb. 17 meeting of top government and Jewish Agency officials.

"It's all very well to criticize," Jewish Agency spokesman Gad Ben-Ari told irate Knesset members. "But if you propose not converting our part of the grants into loans, you have to propose where to cover the shortfall from."

Finance Minister Yitzhak Moda'i told rebellious Knesset members the government had no choice but to cut the immigrant subsidies.

"You are no more sensitive and solicitous than I," he was quoted as telling them Tuesday. "But something has got to give," he stated flatly.

1,000 Olim Have Already Left

The furor in the Knesset was influenced in part by television coverage of immigrant families in difficult financial circumstances.

In addition to sharply reduced grants, their right to buy household appliances duty free has been withdrawn. The olim receive instead a flat grant of \$2,500 for the purpose. But the tax exemption is worth more than the additional cash.

Although newcomers to Israel are entitled to a \$38,000 state mortgage, few can carry the costs of a two-bedroom apartment, which averages \$65,000, especially in a shrinking job market.

Many highly educated Soviet Jews are finding it hard to get jobs in Israel, especially in the professions for which they were trained.

The situation has led to a nightmare scenario of large-scale emigration of Soviet Jews from Israel and a diminished aliyah.

Absorption Minister Yitzhak Peretz fears many potential olim are being deterred by Soviet television reports that make the cutback of subsidies seem more drastic than they actually are.

At the same time, he said, lawyers have opened offices in Tel Aviv and Haifa to help and encourage Soviet olim to leave Israel for Germany, Canada, South Africa and Australia.

According to Peretz, nearly 1,000 olim have left already. That is insignificant compared to the 185,000 Soviet Jews who arrived in Israel last year. But Peretz warned, "Every phenomenon starts with small numbers and then may spread."

CANADA DROPS CHARGES AGAINST MAN SUSPECTED OF DEPORTING JEWS IN 1942

By Cassandra Freeman

TORONTO, Feb. 5 (JTA) -- Canadian Jewish groups have expressed shock and dismay over the dismissal of charges against suspected war criminal Stephen Reistetter, accused of deporting 3,000 Jews to death camps in his native Czechoslovakia in 1942.

The state charged he was a member of the fascist para-military Hlinka Guard in the Sardejev district of what was then the Nazi puppet state of Slovakia.

Judge J.B. White of the Ontario Supreme Court withdrew charges against the 76-year-old defendant after the prosecution decided not to proceed with the case.

Justice Department attorney Gilles Renaud said there was not enough evidence to prove Reistetter guilty. Elderly witnesses the prosecution planned to call had either died or were too ill to testify, Renaud explained.

That prompted David Matas, senior legal counsel of B'nai Brith Canada, to remark, "This case illustrates that the wheels of justice must turn more quickly. There is a biological clock ticking, and as time passes, opportunities are lost."

"The government of Canada must intensify efforts to bring forward new cases against alleged Nazi war criminals," he said. "This case must not be seen as a roadblock to further prosecutions."

Les Scheininger, president of the Canadian Jewish Congress, urged the government "to pursue this matter with increased vigor. We knew this process would not be easy, but we still continue to believe in its importance."

Reistetter, who came to Canada in 1948 and worked for General Motors until his retirement 10 years ago, was the third person charged under legislation passed in 1987 enabling Canadian courts to try alleged war criminals for offenses committed on foreign soil.

The first case tried under the statute ended last May with the acquittal of Imre Finta, a resident of Hamilton, Ontario, who had been charged with atrocities in his native Hungary. Still pending is the case of Michael Pawlowski, 72, charged with the deaths of Soviet Jews and Poles in 1942.

The Canadian Justice Department said it is actively investigating 45 cases under the new law. But Justice Minister Robert Kaplan criticized the record so far. "It's just not good enough. It falls well short of the claims of action they were promising," he said.

AUSTRALIA AND NEW ZEALAND WILL TRACE NAZI CRIMINALS

By Jeremy Jones

SYDNEY, Australia, March 5 (JTA) -- Jewish groups here and abroad conditionally welcomed an announcement Monday that Australia and New Zealand would cooperate in tracing alleged Nazi war criminals.

But they insist on more definitive action, including official investigations and legislation to deal with the prosecution, extradition or deportation of war criminals found in either country.

Those demands were raised after New Zealand Attorney General Paul East announced that the Cabinet decided Monday that "New Zealand is to enter negotiations with the Australian government with a view to sharing information held by

that government on war criminals who might be living in this part of the world."

However, East said, "the New Zealand government is not yet convinced of the need to establish a special unit to investigate allegations that there are Nazi war criminals resident in New Zealand."

But he agreed that "further investigations needs to be undertaken."

In fact, East said, while he personally would be "reluctant" to see trials in New Zealand for crimes committed nearly 50 years ago "on the other side of the world," the government recognizes "its responsibility to act on the information supplied by the Simon Wiesenthal Center."

New Zealand Jewish leaders applauded the decision. But a spokesperson for the community who asked not to be identified told the Jewish Telegraphic Agency on Tuesday that they were "not sure that the government was now acting in a proper and serious manner."

"We will be watching the government's actions very closely, and reminding our prime minister that we believe the allegations must be investigated," the spokesperson said.

Efraim Zuroff, director of the Israel Office of the Los Angeles-based Wiesenthal Center, urged the New Zealand government to take more steps, such as consultation with the U.S. Justice Department, the Soviet procurator general and special war crimes units in Canada and Germany.

In addition, the Wiesenthal Center and the New Zealand Jewish Council have recommended the establishment of an official government investigation into resident war criminals.

KATYUSHAS STRIKE INSIDE ISRAEL, DESPITE LEBANESE WARNING TO PLO

By Hugh Orgel

TEL AVIV, March 5 (JTA) -- Several Katyusha rockets were fired into Israel from southern Lebanon before dawn Tuesday, causing no casualties or damage, Israeli sources said.

The rockets were fired from beyond the southern Lebanon security zone that Israel has maintained since 1985 as a buffer against terrorist infiltration. They landed in the narrow Upper Galilee panhandle.

The rockets were the first to land in Israel since the Palestine Liberation Organization launched a barrage of Katyushas in what was described by PLO spokesmen as a "second front" in the Persian Gulf war. The previous Katyushas launched at Israel fell short of their goal and landed in the security zone.

The offensive came in spite of a warning made Saturday by Lebanese President Elias Hrawi that the Lebanese government would "not tolerate the use of Katyusha rockets to provoke an invasion of this country."

The Lebanese president did not mention the Palestinians by name. But he said, "Those we had received with open arms and treated equally with Lebanese are the ones spreading evil in the south. The liberation of Palestine cannot be fulfilled by the firing of Katyusha rockets."

Elements of the Lebanese regular army, which has been moving southward for the past month, on Saturday night dismantled two Katyusha rocket launchers aimed at Israel just two hours before a timing mechanism was set to fire them.

The rocket attack seemed to be a response to an air strike Sunday by Israeli war planes that bombed Palestinian bases in southern Lebanon.