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**BAKER HOLDS LENGTHY TALKS IN ISRAEL, TELEPHONES BUSH TO REPORT PROGRESS**

By David Landau

JERUSALEM, May 15 (JTA) -- U.S. Secretary of State James Baker held three rounds of talks here Wednesday with Israeli leaders, but there was little indication he had managed to overcome the formidable obstacles to convening a regional peace conference.

Baker interrupted the talks to telephone President Bush in Washington, raising speculation that there had been a significant development.

But all Baker would tell reporters at the time was: "We are still working."

The secretary of state met with Prime Minister Yitzhak Shamir and Defense Minister Moshe Arens for two hours Wednesday morning. Later they were joined by Foreign Minister David Levy for another two-hour session in the afternoon. A third session was held in the evening.

Levy said there would be another round of talks Thursday morning, before the secretary's scheduled departure for Washington.

Shamir's media spokesman, Avi Pazner, described the talks as "businesslike," a term that in diplomatic parlance usually means there are significant differences between the two sides.

Unconfirmed reports said Baker was trying to press Israeli leaders to sign a document specifying those terms of the proposed peace conference that Israel had agreed to.

There was also an unconfirmed report that Baker was considering sending a senior aide back to Jordan, where the secretary conferred Monday with King Hussein before coming to Israel. The ostensible purpose of such a trip would be to brief the king on Baker's talks in Jerusalem and elicit a reaction from him.

But the report also touched off ripples of speculation that Baker might be seeking agreement on a "narrowly based" peace conference involving Israel, Jordan and the Palestinians, but not Syria.

**Trees Planted For Baker's Mother**

The chief obstacle to the proposed wider conference is the dispute between Israel and Syria over its nature and duration.

Syria wants an active U.N. role and insists the conference be an ongoing affair, to which the parties could turn if they hit an impasse.

Baker failed to budge Syrian President Hafez Assad from that position during a six-hour session Sunday in Damascus.

Israel is equally firm against U.N. participation. It demands that the conference, which the United States and the Soviet Union propose to co-host, serve only as a one-time ceremonial opening for parallel direct talks with the Arab states and the Palestinians. It would disband once those talks had begun.

American and Israeli aides were reported to be working Wednesday night on a joint document specifying the areas of agreement and points of dispute between the parties.

There now appears to be a chance that Israel will relent on one of the other points of disagreement: a European role in the peace conference, which Jerusalem has so far rejected.

Levy joined the talks with Baker on Wednesday fresh from a meeting the day before in Brussels with the European Community foreign ministers.

He told reporters that Israel would be ready to let the E.C. play a part in the projected peace conference if it agreed to abide by the principles worked out to convene it.

In Brussels, the European ministers on Tuesday offered Israel what would amount to associate status in the E.C. if it accepted E.C. participation in the peace conference.

Whether or not agreement is ultimately reached on that point and others, it was clear that Shamir was doing his utmost Wednesday to make sure that the Baker visit did not turn sour.

Before their first working session Wednesday morning, Shamir handed the secretary of state a Jewish National Fund certificate indicating that 96 trees had been planted in JNF's American Independence Bicentenary Forest near Jerusalem, in memory of Baker's mother. She died last month at the age of 96 while the secretary was in Jerusalem.

Baker, deeply touched by the gesture, wrote Shamir a warm note of appreciation during the midday recess in the talks.

**TSOMET WILL PULL OUT OF GOVERNMENT IF GIVING UP TERRITORY IS DISCUSSED**

By Aliza Marcus

NEW YORK, May 15 (JTA) -- The leader of a right-wing party in Israel's Likud-led coalition government has warned that his two-seat faction will quit the government if territorial compromise is on the agenda of peace talks.

But Agriculture Minister Rafael Eitan of the Tsomet party said in an interview that he does not believe Prime Minister Yitzhak Shamir will agree to discuss giving up land for peace.

Likud, whose coalition controls 66 of the 120 Knesset seats, is threatened with the defection of at least seven seats and the loss of its majority should Israel enter into peace talks leading to the withdrawal from land captured in the 1967 war.

Some dovish members of Knesset from the Labor and other left-of-center parties have offered to prop up the Likud government with their seats if the small, right-wing parties withdraw over this issue.

Eitan also rejected the idea of offering Palestinians in the administered territories some measure of autonomy, saying they already have a state and government -- in Jordan.

"I don't believe they need any government -- they have a state in Jordan. The majority of the population in Jordan are Palestinians," said Eitan, a former Israel Defense Force chief of staff.

Eitan spoke in English and Hebrew, aided with occasional translations by his wife, Miriam.

Autonomy, or limited self-rule, has been promoted by some Israeli officials as a compromise between Palestinian demands for independence and Israeli desires to retain control of the administered territories.

But Eitan said he would not support self-rule for the Palestinians on "Israeli soil."

"If they want a government, they can

establish one in Tunisia, or on the moon, or Jordan or in the Himalayas," he said. "But not on Israeli soil."

Eitan, whose visit to the United States was timed to coincide with the English publication of his book, "A Soldier's Story" (Shapolsky Publishers) dismissed the idea of negotiations with the Palestinians.

"What is there to talk about with them?" he asked.

#### **Encouraging Arabs To Emigrate**

While all sides have been eager to give at least the appearance of movement toward negotiations, Eitan flatly denied that any positive steps had been made.

"There is no peace, no process of peace. There never has been any peace," said Eitan.

He called for expanding Jewish settlements in the administered territories, applying Israeli rule to the areas where Jews live and encouraging Palestinians to move to Arab countries.

Although Eitan said his party does not support compulsory "transfer" of Palestinians out of the administered territories, "I think they should be encouraged to emigrate on their own will," he said.

He said such encouragement should come through economic pressure, both by bettering the economic situations in Arab lands, and making it more difficult for Palestinians from the territories to work in Israel proper.

Eitan also said he believes Israeli annexation of the West Bank is inevitable.

#### **HUNGER STRIKER IS FORMALLY CHARGED WITH VIOLATING LAW HE'S PROTESTING** **By Hugh Orgel**

TEL AVIV, May 15 (JTA) -- Peace activist Abie Nathan, his hunger strike for peace uninterrupted, appeared Wednesday in Ramla Magistrates Court to be formally charged with violating the law he has been protesting with his fast for the past 17 days.

He was brought to court from the hospital, where he was taken by ambulance Tuesday after his doctor detected an "irregular heartbeat."

His doctor had warned him earlier that he was endangering his life with the fast, on which he drinks only fruit juice and water since he began his hunger strike April 29.

Brought before the bench, Nathan was accused of having had two illegal meetings in Tunis last year with Palestine Liberation Organization chief Yasir Arafat, in contravention of the Israeli statute that forbids Israelis from having contact with members of terrorist groups.

Nathan, who served four months in jail last year for an earlier violation of the same law, readily admits the meetings but maintains they were in the context of a news conference and therefore not illegal.

The case was adjourned until September.

Nathan, 60, underwent an electrocardiogram and blood tests while at Beilinson Hospital, but refused intravenous infusions of glucose.

Nathan has described as "foolish and illegal" the law, which forbids contacts with "enemy Palestinian leaders."

"Who else but the enemy should we talk with to make peace?" Nathan repeatedly asks.

Nathan told the court that he could name 200 other prominent Israelis who have met with Arafat and PLO leaders.

#### **U.S. FINES GROUP OF FIRMS \$64,500 FOR ALLEGED BOYCOTT COMPLIANCE** **By Howard Rosenberg**

WASHINGTON, May 15 (JTA) -- Jewish groups have expressed satisfaction that the Commerce Department is imposing a total of \$64,500 in penalties on three affiliated biomedical firms for allegedly complying with the Arab economic boycott of Israel.

The fines amounted to \$27,500 on Flow Laboratories International, \$29,500 on its British affiliate and \$7,500 on its California-based affiliate.

The department said that "although neither admitting nor denying the alleged violations, each agreed to pay the penalty." All three companies were fined for having "allegedly agreed not to do business with Israel."

The British affiliate allegedly refused to do business with Israel between April 1985 and February 1987. It also allegedly would not do business with companies blacklisted by the Damascus-based Arab Central Boycott Office in four transactions involving Saudi Arabia, Oman and the United Emirates, the department said.

Flow International was fined for allegedly barring its French and German affiliates from doing business with a pair of biomedical manufacturers in Israel.

The Anti-Defamation League of B'nai B'rith, which said it was "instrumental in bringing the allegations against Flow International to the attention of the Commerce Department's Office of Antiboycott Compliance," welcomed the fines.

Compliance with the Arab League boycott has been under closer scrutiny by American Jewish groups in the aftermath of the Persian Gulf War.

#### **Concerns Raised With Commerce Dept.**

Representatives of ADL, the American Jewish Committee and American Jewish Congress raised concerns about U.S. enforcement of anti-boycott laws in a meeting Tuesday with high-level Commerce Department officials.

They alleged the department had not imposed severe enough penalties on U.S. companies deemed to have complied with the boycott.

Commerce officials promised the department would review the question of penalty levels and try "expeditiously" to hire additional staff for its anti-boycott office, according to Jess Hordes, ADL's Washington representative.

He said the groups learned that Commerce Secretary Robert Mosbacher has instructed his inspector general to investigate the department's handling of a possible case against Baxter International of Deerfield, Ill., the world's largest hospital supply company.

The department announced Feb. 27 that it had referred to the Justice Department possible criminal charges against Baxter for having allegedly sold an Israeli subsidiary to gain a contract with the Syrian army.

The Jewish officials had been scheduled to meet with Mosbacher himself, but he was unable to wait for their arrival. Instead, they met for close to an hour with five of his top aides.

Besides Hordes the Jewish delegation included Alfred Moses, chairman of the board of governors of AJCommittee; Paul Berger, senior vice president of AJCongress; Will Maslow, AJCongress general counsel and editor of its monthly Boycott Report; and Stuart Eizenstat, a former White House aide active on boycott issues.

**MAN CHARGED WITH MURDERING KAHANE EXPECTED TO GO ON TRIAL THIS FALL**

By Aliza Marcus

NEW YORK, May 15 (JTA) -- The case against El-Sayyid Nosair, the man accused of assassinating controversial Rabbi Meir Kahane last November, is expected to go to trial in September or October.

After four days of pretrial hearings that ended Tuesday, Manhattan Supreme Court Judge Alvin Schlesinger ruled that statements made by Nosair from his hospital bed were admissible.

Nosair was wounded in a shoot-out with police near the hotel where Kahane was murdered, and he later wrote a note claiming he was innocent. The defense did not say why it wanted the statement suppressed.

A spokeswoman for the Manhattan District Attorney's Office said an additional hearing was scheduled for June 5 concerning a petition filed by Nosair's attorney to drop the charge of attempted murder of a postal officer.

The Egyptian-born Nosair allegedly tried to kill the postal worker while fleeing the area.

The pretrial hearings were marked by tension and near violence when supporters of Kahane, led by his son Binyamin, tried to attack Nosair when the hearings began May 8.

The 24-year-old son was reported as saying he would like to see Nosair killed, and his shoutings in the courtroom set off a ruckus that ended with the arrest of four Jewish observers.

State Assemblyman Dov Hikind (D-Brooklyn), who attended most of the hearings, said he would be calling for an investigation into the arrests, which he termed a "great injustice."

Courtroom security was later strengthened and additional guards stationed near the seats set aside for Kahane and Nosair supporters.

Kahane, founder of the militant Jewish Defense League, was gunned down Nov. 5 after giving a speech. He also founded the anti-Arab Kach party in Israel and served in the Knesset before his party was banned for being racist.

**AUSTRALIAN NEO-NAZI SENTENCED FOR ORDERING ATTEMPT ON ANC MAN**

By Jeremy Jones

SYDNEY, Australia, May 15 (JTA) -- Neo-Nazi leader James Saleam was sentenced Wednesday to three-and-a-half years in prison by a Sydney court for ordering the 1989 attempt to murder African National Congress representative Eddie Funde.

Saleam, who just completed a prison term for insurance fraud, formerly headed the National Action group, which the court described as "an extreme right-wing organization" which resorts to "political thuggery."

Formed in the early 1980s, National Action spawned a welter of neo-Nazi and racist groups, including the Australian Nationalist Movement, which terrorized Jews and Asians in Western Australia until its leaders were jailed last year.

Another offshoot is the Australian People's Congress, an anti-Semitic group active in the state of Victoria.

After listening to evidence for 10 days, the jury took only an hour to convict Saleam.

Witnesses testified that National Action incited two Skinhead youths to fire a shotgun at Funde's home. Funde said he found pellets near his baby's crib.

**PROBE INTO SHAS ACTIVITIES STILL MESMERIZING ISRAELIS**

By David Landau

JERUSALEM, May 15 (JTA) -- The ongoing probe of alleged fraud, bribery and misappropriation of funds at the highest levels of Shas, the Orthodox Sephardic party, became mired in extraneous issues this week but continued to mesmerize the public.

Appearing at a court hearing Tuesday, a senior police officer denied that either the police or the state prosecutor is trying to persuade young Shas activists to turn state's evidence if the cases against Interior Minister Arye Deri and Communications Minister Rafael Pinchas ever go to trial.

The officer, Meir Gilboa, was testifying at a hearing involving two former Deri aides.

Police sources, meanwhile, say they are anxious to question Shas Knesset member Yair Levy, a confidant of Deri's, when he returns from the United States.

Levy went there immediately after Passover as a guest of the United States Information Agency's visiting parliamentarians program and has remained there on his own.

His continued absence and the absence of his wife and children from their Bnei Brak home raised suspicion that Levy was trying to avoid a grilling by police.

But on Tuesday evening, he telephoned Knesset Speaker Dov Shilansky and sent him a letter by facsimile from a New York physician, confirming that Levy is undergoing tests for a heart ailment, which will keep him in the United States for two more weeks.

Shilansky said Wednesday there is "no reason not to believe him." Levy also reportedly told the speaker he was deeply hurt by "what is being done to me while I am on alien soil."

**Threat To Quit The Government**

The latest twists in what the local media call the "Shas affair" is front-page news here.

Shas, whose five Knesset seats are essential to Prime Minister Yitzhak Shamir's coalition government, has become increasingly irritated by the seemingly endless police investigation of Deri, Pinhasi and other ranking party figures.

Threats have surfaced in Shas circles to quit the coalition and topple the government.

Rabbi Arye Gamliel, another Shas Knesset member, declared Tuesday that he would henceforth refuse to support the government with his vote. He accused Likud of trying to "destroy Shas at all costs."

Former Sephardic Chief Rabbi Ovadia Yosef, the party's spiritual mentor, is expected to convene the party's sages and Knesset members to decide whether to endorse Gamliel's position.

The investigation has been proceeding for the better part of a year. The police reportedly forwarded several files on Deri to the state prosecutor, with a recommendation that formal charges be brought against the minister. But no final decision has been made.

Deri and the others are accused primarily of channeling government funds to favored Shas-linked religious institutions through the budgets of local municipal authorities, which are controlled by the Interior Ministry.

According to press accounts, the principals in the case are also suspected of personal improprieties involving public funds.

## **O.U. IS SECOND MAJOR JEWISH GROUP TO OPPOSE CIVIL RIGHTS LEGISLATION**

By David Friedman

WASHINGTON, May 15 (JTA) -- The Union of Orthodox Jewish Congregations of America has officially announced its opposition to the civil rights bill proposed by Democrats in Congress, contending it would result in quotas.

In doing so, the Orthodox Union became the second major national Jewish group to oppose the bill, which is backed by most American Jewish organizations.

The only other major national Jewish group to oppose the bill is Agudath Israel of America, which is also Orthodox. The Council of Jewish Organizations in Civil Service and the National Conference of Shomrim Societies have also come out against the bill.

Agudath Israel argues that the bill's provisions on unintentional discrimination would lead employers to impose hiring quotas to avoid expensive lawsuits.

Unlike Agudath Israel and the other groups, the Orthodox Union is a member of the National Jewish Community Relations Advisory Council, whose 12 other member national agencies and 117 local community councils support the bill.

Last year the Orthodox Union indicated concerns about a similar bill, but did not take a public stand against it. President Bush vetoed that bill, saying it would have resulted in quotas.

The bill was reintroduced in the House of Representatives in January as the first act of the Democratic-controlled 102nd Congress. A vote is expected soon.

At a Capitol Hill news conference last week, NJCRAC and other major Jewish organizations strongly denied that the bill would result in quotas. They said Jewish organizations had worked with the drafters of the legislation specifically to ensure that there would be no quotas.

### **Will Push For Alternative Bill**

The Orthodox Union, in a statement issued Monday, stressed its support of every other major civil rights bill in the last 30 years.

It said it would "actively support a civil rights bill that does not compel or have the effect of encouraging, directly or indirectly, the use of racial, religious or gender quotas in hiring or advancement in employment."

But the group said the current bill "includes provisions that might lead many employers to conclude that they should use racial, religious or gender quotas in hiring and promoting employees to avoid expensive litigation with unpredictable potential liabilities."

The statement went on to say that this could happen "even though the hiring standards and practices of these employers are based on appropriate business considerations relating to job performance."

The Orthodox group said its Institute for Public Affairs would work with the other national Jewish organizations, the Leadership Conference for Civil Rights, Congress and the Bush administration to help draft legislation "which we can support."

The civil rights bill seeks to circumvent five 1989 Supreme Court decisions that make it more difficult for people to prove they are victims of job discrimination.

The bill also would allow persons discriminated against because of their sex, religion or

national origin to sue for monetary damages. While victims of racial discrimination currently can seek compensatory and punitive damages, women and religious minorities can only receive back pay and compensatory damages.

However, supporters of the bill have indicated that to avoid another veto by Bush they might be willing to accept limits on the money that could be awarded.

## **LITHUANIA WANTS TO PROTECT JEWS, IMPROVE ISRAEL TIES, LEADER SAYS**

CHICAGO, May 15 (JTA) -- The Lithuanian republic, seeking independence from the Soviet Union, would like to protect its Jewish community and improve direct relations with Israel, Lithuanian President Vytautas Landsbergis told a gathering of Chicago Jewish community leaders Tuesday.

Landsbergis spoke at a luncheon meeting arranged by the American Jewish Committee. He was introduced by its national president, Sholom Comay, who noted that a "painful history has hovered over Lithuanian-Jewish relations."

It was Landsbergis' only meeting with American Jewish leaders during his two-week visit to the United States. "We want to cooperate with the Jewish community, live together," he said, speaking of his own country.

He read from a statement he issued last year on behalf of the Supreme Council of the Republic of Lithuania, shortly after his party proclaimed independence from the Soviet Union.

Referring to past conflicts between Lithuanians and Jews, the statement committed Lithuania to protect the remnants of its Jewish community, estimated to number no more than 10,000.

"The Republic of Lithuania will not tolerate expressions of anti-Semitism," Landsbergis declared, reading from the statement.

He said that because most Lithuanian Jews live in Vilnius, the capital, and other large cities, the municipalities have been made responsible for preserving Jewish monuments, museums, synagogues and cemeteries. The government is also doing what it can to promote Jewish education and cultural and religious activities in Lithuania, the president said.

Landsbergis admitted mixed feelings about Jewish emigration. He said that while he is committed to allow Jews freedom to choose whether to stay or leave, he recognizes that Lithuania would be all the poorer without Jews.

"We would be sorry not having Jews among us," he said.

As for relations with Israel, Landsbergis said he has made contact with several Israeli officials and exchanged letters with President Chaim Herzog, Israel's chief of state, whom he hopes to meet one day.

He said his government has plans for increased economic collaboration with Israel, especially in the areas of agriculture and the building trades.

Landsbergis alluded to his recent talk with President Bush and expressed hope that "the American Jewish community will be helpful as a contact between the United States and Lithuania and between Lithuania and Israel."

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Because of the Shavuot holiday, the JTA Daily News Bulletin will not be published on Monday, May 20.

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