

RABIN SAYS HE HOPES TO SECURE DEAL ON LOAN GUARANTEES DURING U.S. VISIT

By David Landau

JERUSALEM, Aug. 3 (JTA) -- Prime Minister Yitzhak Rabin said he hoped to wrap up an agreement on loan guarantees during his visit next week to the United States to meet with President Bush.

But Rabin cautioned that even if he is successful with Bush, the guarantees would require congressional approval, which is unlikely before Congress goes into recess later this month.

In Washington, administration officials acknowledged that the issue of loan guarantees was on the agenda for Rabin's visit, but were unwilling to comment on the likelihood of reaching an agreement.

Earlier this year, Bush had rejected an Israeli request for \$10 billion worth of loan guarantees because of the previous Likud government's aggressive policy of settling the administered territories.

Rabin has vowed to discontinue that policy and has already frozen much of the construction in those areas. Observers in Washington and Jerusalem say this change will help clear the path for Bush's approval of at least part of the original proposed package.

In remarks to his governing coalition in the Knesset, Rabin seemed anxious not to raise expectations too much. He noted that political and economic aspects of the guarantees package still remain to be worked out.

Regarding the overall peace process, Rabin also warned against "expecting hocus-pocus" as a result of the change of government in Jerusalem.

But he acknowledged that there had been a change of attitude "in various quarters" as a result of what was rightly perceived to be "a greater importance" attached by the new Israeli government to the peace talks.

Tangible expression of this new attitude, he continued, was the decision to hold talks for an entire month in Washington beginning Aug. 24, during which time "the parties will sit and look for solutions."

Sources close to Rabin told the Jewish Telegraphic Agency he would be briefing leading American columnists in New York before the weekend, but would not give on-the-record interviews until after he had met with the President on Aug. 10 and 11. Later in the week, Rabin is likely to appear before the National Press Club in Washington.

ANALYSIS: PEACE PROCESS PUT AT RISK BY LIKELY SWITCH AT TOP OF STATE DEPARTMENT

By Cynthia Mann
States News Service

WASHINGTON, Aug. 3 (JTA) -- The anticipated departure of Secretary of State James Baker from his post leaves a cloud of uncertainty hanging over the immediate fate of the Middle East peace talks.

While analysts predict Deputy Secretary of State Lawrence Eagleburger will assume Baker's position, many doubt he will be able to take on

what has become Baker's personal mission to bring peace to the conflict-riddled region.

Perhaps the only consensus on the impact of the change is that it will be disruptive to the peace process. But several experts believe the peace talks will stay on their current course, albeit at a slower pace, and that they will continue to reflect Baker's distinct imprint.

It is all but certain Baker will give up his portfolio sometime after next week's visit by Israeli Prime Minister Yitzhak Rabin and will move to the White House so he can help the president put his floundering re-election campaign on track.

Of course, the timing of the shift is almost painfully ironic. Following the Israeli election of a more flexible leader in Rabin, the Arab-Israeli peace talks appear uniquely ripe to bear fruit and testify to George Bush's foreign policy acumen.

But at the same moment the man most responsible for cultivating them is poised to leave the field and the fate of the talks in doubt.

The uncertainty Baker's move injects into the peace process was illustrated in the response he found on his trip to the region last month.

In the Arab capitals, in particular, he and his entourage were peppered with anxious questions about his plans and suggestions that meaningful action would be suspended. Baker sought to quell the anxiety, denying any change was imminent.

Baker's Departure From State May Hurt Bush

But most observers agree that the secretary's shift will disrupt the process and some say it could hurt the president.

"Baker's leaving will cause an enormous vacuum in the process," said Stuart Eizenstat, a policy adviser for the Carter administration.

"There will be a severe interruption at a time when Israel wants to move rapidly. Baker's credibility with the Arabs has been developed and can't be built (by a successor) overnight," he said.

Eizenstat said it proves the president's political desperation. "George Bush said he would do anything to get re-elected. That evidently includes imperiling the peace process just when the parties are ready to move. It's a travesty and a tragedy," he said.

Some, however, believe Baker is so loath to relinquish his role as peace broker he will manage to keep a hand in it, even if he cannot travel far from the embattled Oval Office.

As evidence, they point to the fact that the next round of talks in late August will be in Washington, rather than Rome, as had been initially planned.

"This is one area of foreign policy where he will be missed," said Robert Hunter, vice president for regional programs at the Center for Strategic and International Studies.

But all signs indicate Baker will not give up his negotiating role, said Hunter, though "wearing two hats will be a problem and (eventually may become) an intolerable role."

"Baker has invested a lot in the process and illustrates what can be done with personal intervention at the highest level," said Robert Satloff, deputy director of the Washington Institute for

Near East Policy. "He has proven his ability to twist arms velvety."

Satloff also does not believe Baker will depart the scene. "I don't believe Baker could divorce himself" from the process, he said.

"If Baker were to drop out, there would be a loss of momentum," said Alfred Moses, president of the American Jewish Committee. "No one else can carry the freight quite like he can. He is in a unique position because both sides know he speaks for the president."

Moses said that with Baker occupied with presidential re-election politics and unable to travel, the talks would continue but at a slower pace than they would otherwise.

Moses, who just returned from a trip to Israel where he met with top leaders, said the assumption there is that Baker will exit formally but will keep his stamp on the process.

The scenario most widely pictured is that Baker will resign his post and Deputy Secretary Eagleburger will take over Baker's function. Eagleburger is expected to be named only acting secretary to avoid formal confirmation hearings.

Such hearings, the thinking goes, could too easily become a Democratic fishing expedition into the administration's troubling prewar policies with Iraqi leader Saddam Hussein.

Foreign policy analysts have the highest praise for Eagleburger, a former top aide of Henry Kissinger whom they call a consummate diplomat and public servant. But they point out that his expertise and experience lie in Europe and not the Middle East.

Some therefore conclude that if Eagleburger is charged with brokering the peace talks, he would be only a figurehead executing the already well-defined Bush-Baker policies. They say he will have too many other responsibilities and is not in good enough health to devote as much time and personal energy to the talks as Baker has.

Baker May Take Top Aides With Him

His role also would be affected by how many close key aides, such as Dennis Ross, Baker takes with him to the White House and how many he leaves behind. Ross is director of policy planning at the State Department and has been deeply involved in the peace process.

The unknowns aside, it will be a tall order for Eagleburger to follow in Baker's footsteps in territory where the secretary has laid such a profound claim and where he brings the authority of the president to bear.

Eagleburger, who turned 62 last Saturday, has a vast portfolio of diplomatic experience in Europe, with a special emphasis on Yugoslavia.

His responsibility for that war-torn area continues today along with the charge of providing aid to the republics of the former Soviet Union.

Eagleburger is not part of Baker's or Bush's inner circles of policy advisers. But he is known and trusted by Israel, with which he is said to have a special relationship.

He was picked for the sensitive mission of persuading Israeli leaders during the Persian Gulf War last year to exercise military restraint in the face of Iraqi missile attacks and to sign agreements to share U.S. intelligence more closely.

While he is seen more as a professional diplomat than as pro-Israel, he does not have close ties or a track record with Arab leaders, which observers say is a serious liability in the delicate process of Middle East negotiation.

"He has more credibility with the Israeli side than with the Arabs but (that is because) he hasn't cultivated it. Europe is his longstanding area of expertise," said Morris Amitay, a friend and colleague of Eagleburger's in the State Department in the early 1960s who now runs a pro-Israel political action committee in Washington.

"A negotiating role requires extensive personal involvement and investment," said Hunter of the Center for Strategic and International Studies. "It doesn't come instantly."

Also, said Hunter, "uniquely in the Arab-Israeli negotiations, the negotiator must be a clear and visible and credible surrogate for the president, and everyone knows (Eagleburger is) not close to the president."

Daniel Pipes, director of the Foreign Policy Research Institute in Philadelphia, had ringing praise for Eagleburger. He called him a "foreign service officer with a difference," someone with "a keen sense of the national interest."

CHINESE PUT PRESSURE ON ISRAEL TO CANCEL JET SALES TO TAIWAN By Hugh Orgel

TEL AVIV, Aug. 3 (JTA) -- Prime Minister Yitzhak Rabin is reconsidering plans to sell 40 Kfir jet planes to Taiwan as a result of pressures being exerted on him by the People's Republic of China.

Rabin met Monday with senior Israeli officials to discuss the implications of going ahead with the deal, which is valued at \$400 million.

Israel waited two years before obtaining U.S. approval of the deal. The Israeli-designed planes are manufactured by Israel Aviation Industries, but the aircraft are fitted with American-made jet engines.

But now the Beijing authorities have protested the deal, which they fear will strengthen their traditional enemies, the Taiwanese.

The mainland Chinese are reported to have threatened to downgrade, or even cancel, their recent diplomatic recognition of Israel, which involved the mutual exchange of ambassadors.

Israel's national airline, El Al, is scheduled to start making direct flights from Tel Aviv to Beijing at the beginning of September.

The agreement with Taiwan had been initiated before the opening of diplomatic relations with mainland China.

According to published estimates, Israel had been maintaining healthy levels of exports to China even before the establishment of full diplomatic relations between the two countries. Their sales to the Chinese, including arms, are put at more than \$400 million.

Monday's meeting at the prime minister's office was scheduled to include Foreign Minister Shimon Peres, Defense Ministry Director General David Ivri, and IAI Director General Moshe Keret.

The warning from the Chinese was reportedly conveyed to Jerusalem by Israel's ambassador to Beijing, Ze'ev Sufot.

This is the second Kfir aircraft deal with a Far Eastern country recently to be put in jeopardy. Israel had previously reached an agreement to sell a large number of Kfir jet fighters to the Philippines, and the deal had been ratified by the United States.

The agreement had been initiated by officials of the previous government of the Philippines, but its implementation has been postponed by the new president in Manila, Fidel Ramos.

ISRAELI OLYMPICS MEDALISTS HAVE ENTIRE COUNTRY WALKING TALL

By Michele Chabin

JERUSALEM, Aug. 3 (JTA) -- Israelis are walking tall this week, after the country garnered the first Olympic medal in its history. And it won not just one medal, but two.

Yael Arad's silver-medal victory in the judo competition kept Israelis glued to their televisions July 30, leaving movie-theater owners with plenty of empty seats.

Arad's match against the German, Frauke Eickoff, kept viewers at the edge of their seats. The match was so close, in fact, that the Israeli TV announcer judged Eickoff the winner. But when the judges declared Arad the victor, one could hear the cheers from every open window.

About 11 p.m. Israel time, Arad faced off against Catherine Fleury of France. Arad, 25, competes in the half-middleweight (134 1/2 pounds) division.

Again, the match was very close, but the Israeli seemed to be ahead. Viewers were therefore more than a bit disappointed when the judge's split decision gave the gold to Fleury and the silver to Arad.

The next day, newspapers and radio were filled with praise for the country's "best athlete." The headline in Ma'ariv exclaimed, "Arad Equals Silver, But for Us She is Gold."

Yediot Ahronot ran a headline in the national colors of blue and white that screamed "After 2,000 Years."

'Arad' Means Bronze in Hebrew

Arad's mother, a writer for Yediot, wrote a front-page story that began simply: "My daughter Yael did it!" There were many plays on the family name Arad, which means bronze in Hebrew.

Prime Minister Yitzhak Rabin sent a telegram to Arad -- who had been named Israeli Sportsperson of the Year in 1991 -- congratulating her on behalf of the country.

Arad herself touched on the deep sentiments aroused by her victory. At the post-medal ceremony news conference, she dedicated her medal to the Israeli athletes massacred at the Munich Olympics 20 years ago.

"Maybe now we can say, if it is possible, that we have avenged this murder," Arad told reporters. "I think we owe it to the families and the people in Israel. We'll never forget it, but maybe today it is something that will close the circle."

And then just when the media seemed to have exhausted every accolade, Israeli judo competitor Oren Smodga won a bronze medal on Friday night in the men's lightweight (156 1/2 pounds) event. The win was a complete -- but happy -- shock to most Israelis because the media had described Arad as "our last hope for a medal."

Whether on the Tel Aviv beach, the bus to Haifa, or in the alleys of the Old City of Jerusalem, people were talking about the medals.

"The entire country is proud of their achievements," said Shlomo, the owner of a T-shirt store in Haifa. When asked whether he was selling any Olympics T-shirts featuring the Israeli athletes, he replied, "No way. This is a moment of pride, not the royal wedding."

While the shopkeepers may change their tune once the athletes return home next week to a hero's welcome, local sports officials are openly

trying to capitalize on the Israelis' strong Olympic showing.

"We hope to attract more people, especially children, to take up sports," said Baruch Dagon, spokesman for the Sports Federation of Israel. "Right now, it's too early to tell whether more kids will join sports clubs as a result of our medals. We'll have to wait until September, when school begins."

Noting that only 0.3 percent of the national budget goes toward sports activities and facilities, Dagon expressed hope that the government may now be more generous in its funding.

"We need more money to train our athletes, on both the lower and higher levels," he said. "But one way or the other, we'll be in Atlanta for the next Olympics, and we'll be ready."

MUGABE APPEARS ON TELEVISION TO CLARIFY ANTI-SEMITIC REMARK

By Suzanne Belling

JOHANNESBURG, Aug. 3 (JTA) -- Zimbabwe President Robert Mugabe appeared on television over the weekend to clarify a remark he had made the week before that was widely considered overtly anti-Semitic.

His explanation, however, is likely to leave at least some Jewish observers in the region less than satisfied.

Speaking in Shona, the language of the largest tribe in Zimbabwe, Mugabe told viewers on Zimbabwe television that he had no intention of offending the Jews of Zimbabwe or anywhere else.

Mugabe had made the offending remark a week earlier, during a visit to peasant farming regions in western Zimbabwe. The peasants were complaining that white farmers had refused to allow their livestock to graze on private lands, despite drought conditions in the area.

"Commercial farmers are hard-hearted people. You would think they were Jews," Mugabe reportedly replied.

During his subsequent television appearance, Mugabe said his comment had referred to "hard-hearted" settlers on Israel's West Bank, whom he had likened to commercial farmers in Zimbabwe.

He explained that in his view neither group was prepared to concede land. The commercial farmers in Zimbabwe would not permit cattle belonging to tribespeople to graze on their land, while Jews on the West Bank were not open to Palestinian settlement.

Observers say this anti-Zionist stance is in line with Mugabe's policy since taking power.

Mugabe's original remark elicited a flood of protest from Jewish groups both from within southern Africa and from abroad.

The Jewish leadership of Zimbabwe subsequently requested a personal audience with Mugabe, but he has not yet responded.

The Sunday Times of Harare, Zimbabwe's capital, has reported that Catholic groups -- including the Commission for Justice and Peace and the Bishops' Conference -- expressed sympathy and solidarity with the Jews of Zimbabwe, describing the reported remark as "careless."

In addition, several prominent non-Jews have written letters of protest that were published in the Bulawayo Chronicle.

The televised speech was made in Mashonaland, where Mugabe was accompanied by Palestine Liberation Organization Ambassador Ali Halimeh. The PLO has in the past provided aid to the Shona tribespeople.

**THE JEWS OF CENTRAL ASIA:
JEWS LIVING IN A MOSLEM SOCIETY
WATCH WARILY FOR ISLAMIC UPHEAVAL
[Part 2 Of A Series]
By Gil Sedan**

TASHKENT, Uzbekistan (JTA) -- Uzbekistan is located at the southern edge of the former Soviet Union, sharing borders with four other Central Asian republics as well as with Afghanistan.

It is the most populous of the six Asian republics. It has a population of 20 million, mostly Moslems, among whom Jews have lived, largely untouched by outside influences, for centuries.

But the outside world has begun to encroach on this formerly forgotten part of the world, and large numbers of Jews are immigrating to Israel.

Radical Moslem elements -- stirred by neighboring Iran, and to an extent by Saudi Arabia-- have been attempting to fill the power vacuum created in the wake of communism's fall.

So far, the authorities have thwarted their attempts to seize positions of power.

The government has banned religious parties, and President Islam Karimov has announced that religious officials should not be allowed to be members of parliament. During a recent visit, however, the country came to a virtual standstill for one day when Moslems for the first time officially celebrated the holiday of Id Al Adha.

A few years ago, only a few dozen Moslems from this Central Asian republic made the annual pilgrimage to Mecca. This year, thousands did.

Food Riots And Student Demonstrations

Last January, the capital was plagued by a wave of food riots and student demonstrations were brutally dispersed by the authorities. As a result, many residents of Russian origin began to leave. They said the Communist regime has not changed. It may have a new title, but the actors are the same.

But according to Boris Blinder, a professor of law at the University of Tashkent, there is definitely an air of greater political freedom than in the past. He notes, though, that it is marred by a high rate of inflation and a greater degree of economic uncertainty.

Blinder is less alarmed by events here than by news of unrest in other parts of the former Soviet empire. He speaks in cataclysmic terms of the Moslem fundamentalist riots in Tajikistan and Kyrgyzstan, and of the widespread anti-Semitism in Moscow, Leningrad and Ukraine.

But he says that currently there is no reason to worry in Uzbekistan. In his view, the Moslem fundamentalists are just not strong enough. And in the overall competition between Moslem-fundamentalist Iran and Moslem-secular Turkey over spheres of influence in Central Asia, the Turks have the upper hand.

But the Fergana Valley -- shared by Uzbekistan, Kyrgyzstan and Tajikistan -- is a hotbed of militant Islam. The predominant religious sect is Wahabism, a conservative brand of Islam that originated in Saudi Arabia. This is one of the few regions of the former Soviet Union where women cover their faces with a veil.

So far, says Blinder, there is no overt anti-Semitism in Tashkent. The Jews are but one community out of dozens living in Uzbekistan, where the people demonstrate high levels of tolerance.

Despite the absence of open anti-Semitism,

Jews here worry about their personal security. People hide their homes behind walls, protected with heavy gates. At least three locks decorate the door of each apartment.

Such is the home of the Shalomova family in Tashkent. But once past the various barriers, one enters a beautiful retreat. On a recent Friday night, the Shabbat table was neatly and bountifully set in the middle of the courtyard.

It was a traditional Shabbat dinner, with all the necessary blessings in Hebrew. But that was as far as their Hebrew went. The rest of the conversation was held in Russian. There were no questions about Israel, no indication that they wanted to leave. They seemed to know enough about Israel not to substitute their luxury dwelling for what they might find in Israel. If they leave, they made it clear, they would go to America.

Ashkenazi Jews and Bukharian Jews do not mingle here very much. But recently, as a result of perestroika, a new wave of Jewishness has swept both communities. Jewish babies undergo circumcision in religious ceremonies, the number of intermarriages has decreased, and "intramarriages" between the two communities have increased.

An Orthodox Jew from Belgium has funded a local Talmud Torah of 80 students and plans to open a Jewish high school soon.

"In the past we felt much less Jewish," said Pinhas Niyanov, president of the Bukharan community of Tashkent. "Now we all feel Jewish."

A Jewish center began operating here four years ago. Its activities include charity work, Hebrew classes led by teachers whom the Jewish Agency had sent from Israel, a Jewish newspaper -- and a matchmaking service.

The center operates on funds provided by local donors, the Jewish Agency and the American Jewish Joint Distribution Committee.

Unlike the Bukharian Jews, or the so-called mountain Jews, who have lived here for generations, the Ashkenazi Jews here consider themselves outsiders by comparison and are more inclined to leave for Israel.

The Bukharian community is more torn on the issue of aliyah. Their link with Jewish tradition is stronger, but they feel more at home in their native land. They pray "next year in Jerusalem," but many, like the Shalomova family, plan to remain in Tashkent next year.

**BONN CONSIDERS ISRAELI LOAN REQUEST
By David Kantor**

BONN, Aug. 3 (JTA) -- An Israeli request for 10 billion marks -- some \$6.75 billion -- in loan guarantees and outright assistance has become the focus of public interest here in the past week.

Well-informed sources in the German government said Bonn was considering its response to the request as part of preparations for a visit by Prime Minister Yitzhak Rabin to this country.

Rabin, who will attend a meeting of the Socialist International in Berlin on Sept. 10, is also expected to visit Bonn and meet with German officials, including Chancellor Helmut Kohl.

According to German sources, the Israeli decision to cut back on construction of homes in the administered territories has created favorable political conditions here. But they warned that Bonn is hardly in a position to commit itself to major new financial obligations.