



**PERES SOUNDS UPBEAT NOTE ON TALKS, SAYING NEW GROUND HAS BEEN BROKEN**  
By Cynthia Mann

JERUSALEM, May 12 (JTA) -- Foreign Minister Shimon Peres sounded an upbeat note on the peace process this week when he said that the current round of negotiations in Washington has broken new substantive ground.

The foreign minister pointed with satisfaction to the fact that the Palestinians and Israelis had exchanged draft versions of a joint statement of principles on a proposed autonomy agreement.

"Now we know at least the gaps," he said, and "we shall have to bridge them."

Peres, speaking Wednesday to members of the foreign press in Israel, said he hoped the sides would reach agreement on a joint statement before the end of the round.

A big difference between the Israeli and Palestinian draft proposals, he said, is that the Palestinians wish to draw up a map delineating the "frontiers" of an autonomy area proposed as an interim settlement.

The Israelis, however, believe such a map cannot be drawn in "the present climate." Instead, they suggested that a "calendar" be drawn up to provide a timetable for autonomy.

The other main difference is the "nature and scope of the division of labor" between the Palestinians and Israelis in the autonomy area, said Peres.

"Again, the Palestinians would like to gain complete control right away," he said, while Israel wants to set limits, namely in areas of security and the fate of Jewish settlers living in the territories.

Even if the parties are unable to reach a joint declaration by the end of this round, he said, the next round is likely to begin "from a much more advanced point" on the nature and scope of Palestinian self-government.

**Peres Not Ruling Out Contact With PLO**

When asked whether it would be more effective for Israel to negotiate with a delegation that included the Palestine Liberation Organization based in Tunis, Peres did not rule it out as a future option.

He said Israel is well aware that the delegation now consults with the PLO. "But right now we have an ongoing arrangement of decision-making and for the time being it is satisfactory."

The foreign minister also reiterated his belief that a confederation with Jordan is the natural final goal of an interim autonomy arrangement with the Palestinians.

Turning to Syria, Peres noted that the tone of President Hafez Assad in recent interviews was much more positive, but said he needed to go further.

"We welcome the music coming from Syria. But we would like not only the melody," Peres said, "but also the words. We would like to see the Syrians spelling out very carefully what they mean by normalization and peace."

The more specific they are, "the more Israel can take a clear position about the size and nature of our withdrawal," Peres said.

The foreign minister was unequivocally tough

on those Jewish extremists who have threatened to resist territorial concessions.

He said the majority of the people who live on the Golan Heights and in the territories support the democratic process, but "if there are single voices trying to shout in a high pitch, I am not interested.

"Whoever will question the nature of the Israeli democracy will find himself out of the camp," he said.

Peres, meanwhile, sounded optimistic notes about the progress of the multilateral peace negotiations. There, he said, "our general idea, our open-ended vision (on regional cooperation and development) is gaining bones and blood.

"If the bilateral negotiations are dealing with the disputes of the past, the multilateral negotiations are dealing with the foundation of the future," he said.

Relating to a different subject, Peres said he is scheduled to travel to India this weekend, the first official visit by an Israeli representative to that country.

He said there was interest on both sides for cooperation in economics, agriculture and tourism and said he expected a few agreements would be made during his visit.

**JEWISH SETTLERS IN TERRITORIES TURN VIOLENT AS PEACE ADVANCES**  
By Gil Sedan

JERUSALEM, May 12 (JTA) -- Jewish settlers in the administered territories, increasingly nervous with the reports from Washington of progress in the Middle East peace talks, appear to be growing more militant, with violent clashes reported this week between activists and soldiers.

A minor controversy over a 650-foot road near the West Bank settlement of Beit El developed into a violent confrontation Monday between settlers and soldiers.

It was reminiscent of clashes that took place in 1982, when the Israeli army forced Jews to evacuate the Sinai settlement of Yamit, in compliance with the Camp David peace accords signed with Egypt.

The scene this week of soldiers using force against Jewish settlers, many of them children, seemed like a minor prelude to possible clashes in the future with settlers, if a political settlement with the Palestinians is worked out.

The conflict began when a bulldozer, escorted by a group of soldiers, arrived at Beit El to block part of the road linking the settlement with the Ramallah-Nablus main road.

The work was ordered, according to the army, because the settlers had paved the road on private Arab land, without the necessary legal permits.

The settlers regarded the army's intervention as proof of their complaints that in preparing for Palestinian autonomy, the government has been siding with Arabs at the expense of Jewish interests in the territories.

The settlers regard the road as essential for security, as it would be the only emergency alternative to the main access road to the settlement.

Minutes after the army bulldozer and the

soldiers arrived on the scene, they were confronted with hundreds of young Jewish settlers, summoned from nearby schools.

The youths lay down on the road, preventing the soldiers from carrying out any work.

Rabbi Shabtai Sabato instructed his students not to move, no matter what.

"Thanks to you and your struggle, Eretz Yisrael will be built," he said. "The weak ones who have no strength for struggles are not worthy of Eretz Yisrael," the term commonly used by settlers to refer to Greater Israel.

Suddenly, for reasons unclear, the confrontation developed into a physical struggle. Soldiers began removing the youths by force from the road, as younger children cried and one pregnant woman lost consciousness.

The incident ended when settler leaders telephoned Deputy Defense Minister Mordechai Gur, who instructed that the bulldozing work be suspended until the entire issue is resolved.

An upcoming meeting of the settlers in the West Bank is expected to focus on how far they are willing to go to disrupt the process leading to Palestinian autonomy.

A leaflet distributed by the settlers this week called for a tougher stand against the government policy now, before the situation becomes irreversible.

The confrontation this week came amid reports that Jews in the administered territories, as well as the Golan Heights, have begun hoarding arms for a possible armed resistance against their evacuation, if stipulated in a political settlement.

Attorney General Yosef Harish instructed Israeli police this week to launch an investigation following a weekend television report which depicted armed settlers carrying out drills in the framework of a self-appointed "Judea Police" and carrying out armed patrols inside Arab villages.

#### Shin Bet Monitoring Settlers

The Shin Bet domestic security agency was also said to be keeping "a close watch" over the "troublemakers" among the settlers.

The Shin Bet reportedly has begun to trail and tap the phones of the settlers who have been the most vocal in opposition to the government's handling of the peace process and the autonomy proposal.

Harish said the ministers were in agreement that the authorities would apply the law against any "attempt to disrupt the democratic process."

Knesset member Ran Cohen of the dovish Meretz bloc, who is also deputy minister of construction and housing, demanded that the army "detain all those involved in erecting an army of political hooligans."

He demanded an investigation into why the intelligence forces had not prevented the development of armed Jewish patrols.

In the face of these concerns aired by politicians on the left, leaders on the right tended to minimize the radical statements by settlers, claiming that those settlers who say they would resist a possible withdrawal were only a "loud minority."

Gur also tended to downplay the settlers' threats, saying that by and large, the Jewish population in the administered territories has shown maturity and used arms for personal protection only.

Gur said the authorities were committed to guaranteeing the safety of the settlers "as long as they are there -- and they are there."

#### PALESTINIANS STAGE DARING RAID, WOUNDING TWO SOLDIERS IN NABLUS

By Gil Sedan

JERUSALEM, May 12 (JTA) -- Palestinian militants staged a daring raid in the West Bank on Wednesday, stabbing and wounding two Israeli soldiers in the center of Nablus and escaping with the soldiers' guns.

One soldier was seriously wounded, while the other suffered light wounds during the attack.

The soldiers reportedly struggled with the attackers, but the Palestinians succeeded in stabbing them in their faces.

The army clamped a curfew on downtown Nablus and started a search for the attackers.

Lt. Gen. Ehud Barak, the Israel Defense Force chief of staff, described the attack as "very serious," but expressed confidence that the army would deal with the situation.

Barak said the attack showed that the army's fight against the Palestinian intifada is not over. But he said the government's decision six weeks ago to seal off the territories had contributed to the safety of Israeli citizens.

He said that more than 80 wanted Palestinian activists and gunmen had been captured or killed during this period.

In Nablus, the Islamic fundamentalist Hamas group claimed responsibility for the attack, saying it was carried out in retaliation for the army's killing of six Hamas activists who had tried to cross into Egypt from the Gaza Strip.

The wanted Hamas activists were killed in two different clashes last Saturday and Monday.

The army said it had stepped up patrols on the border after several cases in which wanted terrorists had fled to Egypt, following the closure of the territories.

In the incident last Saturday, an army patrol chased three men trying to escape into Egypt near Har Keren before dawn, the army spokesman said.

After one of the fleeing Palestinians hurled a hand grenade at the soldiers, the soldiers opened fire and killed the three. A second group of three terrorists were killed Monday night.

All six carried false passports and Israeli and Egyptian money, some of it forged currency.

(Contributing to this report was JTA correspondent Hugh Orgel in Tel Aviv.)

#### MILITIA TARGETS LEBANESE VILLAGES

By Hugh Orgel

TEL AVIV, May 12 (JTA) -- Residents of three villages in southern Lebanon fled their homes Wednesday, after an Israeli-backed militia warned of an imminent attack.

In a broadcast Wednesday on its Voice of Lebanon radio station, the South Lebanon Army said the villages had become legitimate targets since they contained guerrilla bases and the homes of senior officials of the Iranian-backed Islamic fundamentalist Hezbollah.

The villages, located north of the central sector of the border security zone, were identified as Khalsa, West Zauter and Barashit.

Many villagers were reported to be fleeing northward as the SLA and the Hezbollah bombarded each other with heavy artillery and mortar fire Wednesday.

The exchange followed the shooting Tuesday of a senior SLA security officer by a Hezbollah sniper.

**JEWISH GROUPS PRESS ADMINISTRATION  
TO STEP UP ACTIONS AGAINST BOYCOTT**  
By Deborah Kalb  
States News Service

WASHINGTON, May 12 (JTA) -- Although satisfied overall with the Clinton administration's efforts to push for an end to the Arab boycott of Israel, Jewish organizational leaders want the U.S. government to do more.

A group of Jewish officials met this week with high-level members of the administration, urging them to press U.S. allies to issue a strong anti-boycott statement at the upcoming meeting in Tokyo of the Group of Seven industrialized nations.

Jewish leaders were pleased with the results of their meetings Tuesday, first with Commerce Secretary Ron Brown and then with Peter Tarnoff, undersecretary of state for political affairs.

"Both meetings were quite successful," said Walter Stern, chairman of the International Steering Committee on Freedom of Trade with Israel, which is coordinating the anti-boycott efforts of Jewish organizations.

"I believe that this administration has shown that it is willing to involve itself in a more positive way" on the issue, said Stern, who was not himself at the meetings.

Efforts to halt the boycott have been picking up steam here in recent months, and administration officials have pledged to make it a high-priority issue.

The Jewish officials, whose meetings were organized by Rep. Charles Schumer (D-N.Y.) and the anti-boycott steering committee, had several items on their agenda.

First, they want the United States to press its allies at the July meeting of the G-7 nations to issue a strong, unified statement urging the League of Arab States to end the so-called secondary boycott of companies that do business with Israel, as well as the tertiary boycott of companies that do business with blacklisted firms.

**Focus On Secondary And Tertiary Elements**

Jewish groups are urging the administration and the international community to focus on the secondary and tertiary elements of the boycott, rather than on the primary boycott by Arab countries of Israel itself.

Because the secondary and tertiary levels of the boycott affect American and European companies, they are viewed as a free trade issue.

Jewish officials emerged from their meetings with a sense that the administration was in accord with their views.

Mark Pelavin, Washington representative of the American Jewish Congress, said he walked away from the session with Tarnoff "feeling optimistic that the United States will push for a strong statement at the G-7 meeting in Tokyo."

Previous G-7 statements have linked the boycott issue to Israeli policy in the administered territories, but Jewish leaders feel the Clinton administration is not in favor of such linkage.

On the substance of what has to be done at the G-7 meeting, the Jewish groups and the administration officials are "completely in accord," said Malcolm Hoenlein, executive vice chairman of the Conference of Presidents of Major American Jewish Organizations, who participated in the meetings.

The question now, he said, is what strategy to take.

Rep. Schumer, who heads a congressional task force on the boycott, is circulating a letter among his colleagues to be sent to President Clinton. The letter urges the administration to push for a strong anti-boycott statement at the G-7 meeting.

Jewish groups are also urging the individual G-7 nations to adopt laws cracking down on companies in their respective countries that comply with the Arab boycott.

They have applauded a new anti-boycott law, regarded as the strongest such measure in Europe, that went into effect last week in Germany.

Second on the agenda were the recently reported promises of Kuwait and Saudi Arabia to stop enforcing the secondary and tertiary levels of the boycott against American companies.

The pledges were made to Secretary of State Warren Christopher during his visit to the Middle East in February.

But Jewish groups feel such promises are only worthwhile if backed up by actions. They urged the administration to continue pressuring the two Gulf states.

"Our government should not be fooled by anything," said Jess Hordes, Washington representative of the Anti-Defamation League, who participated in the Tuesday meetings.

The ADL released a statement Tuesday expressing its "outrage" that the Arab League had recently added 13 companies to its blacklist, including two U.S. firms: Rubbermaid Inc. and General Dynamics.

Especially galling to the ADL was the reported presence of Kuwaiti and Saudi officials at the Arab League meeting.

Those taking part in Tuesday's meeting at the Commerce Department said that Brown, who had recently discussed the boycott issue with King Fahd of Saudi Arabia, was surprised to learn of this new development.

Third on the agenda of Tuesday's meetings, the Jewish groups discussed the administration's efforts to crack down on American companies complying with the boycott.

Jewish groups have applauded recent actions taken by the Commerce Department's Office of Anti-Boycott Compliance against companies complying with terms of the boycott. The government recently leveled a record penalty of over \$6 million against Baxter International Inc., an Illinois-based medical supply firm.

Jewish organizations represented at Tuesday's meetings also included the American Israel Public Affairs Committee, American Jewish Committee, National Jewish Community Relations Advisory Council, New York Jewish Community Relations Council and World Jewish Congress.

**NAZARETH PRISON PLANS DRAW FIRE**  
By Cynthia Mann

JERUSALEM, May 12 (JTA) -- Tourism Minister Uzi Baram has come out in opposition to a plan to convert a former Israeli army command headquarters in Nazareth into a prison for as many as 1,000 inmates.

The Nazareth City Council has been fighting the plan, charging it would taint the city's image as a holy place of pilgrimage. The legislative body has threatened to bring the Vatican into the fray if need be.

In a letter to Prime Minister Yitzhak Rabin, Baram said the prison would jeopardize his plans to develop the city as a major tourist attraction.

**NEWS ANALYSIS:**  
**GOVERNMENT CRISIS HIGHLIGHTS NEED FOR RABIN TO EXPAND HIS COALITION**

By Gil Sedan

JERUSALEM, May 12 (JTA) -- If there was a lesson that Prime Minister Yitzhak Rabin learned from this week's political crisis here, it was that he can no longer regard the Shas party as a reliable coalition partner and must broaden his government.

But that has already turned into a formidable task because of enormous ideological differences between some of his prospective partners and the current ones.

Although Rabin averted Shas' withdrawal from the coalition this week by working out a temporary one-week reprieve, the prime minister has yet to come up with a permanent solution to satisfy both the fervently Orthodox party and his other coalition partner, the secularist Meretz bloc.

Rabin now has his eyes set on the larger picture. He is trying not only to solve the immediate problem but also to prevent such crises from occurring again.

After getting Shas party Chairman Aryeh Deri and Meretz leader Shulamit Aloni both to "deposit" their portfolios with him for one week, the prime minister engaged in intensive consultations with leaders from the United Torah Judaism Front, the National Religious Party and the right-wing Tsomet party.

Should Shas withdraw next week, Rabin seemed determined not to let his government rely on a one-seat majority of 61 in the Knesset, with five of those seats belonging to Arab parties formally outside his coalition.

The Labor Party leader appears to be pinning his hope on inviting into his coalition the United Torah party, itself made up of two Ashkenazic Orthodox factions: Agudat Yisrael and Degel HaTorah.

**Other Religious Parties May Join Now**

With the controversial Aloni virtually out of the Education Ministry, Rabin believes the other religious parties could now be persuaded to join his government.

It has been Aloni's controversial comments about religion that have triggered several coalition crises with Shas, including the present one.

Sparking this latest crisis was a comment by Aloni criticizing Rabin's recitation of the Shema Yisrael prayer at a commemoration of the Warsaw Ghetto Uprising last month. Aloni, dismaying even many of her supporters, said Rabin's use of the prayer was fatalistic.

Shas then demanded that Rabin make good on an earlier written pledge to remove Aloni from the education post if her controversial statements continued.

The Agudah faction within United Torah is favorable to the idea of joining the government. But the Degel HaTorah faction, which adheres to the orders of Rabbi Eliezer Schach, opposes it. Schach has vetoed any partnership with Meretz.

Rabin's effort to add another party other than Shas is also prudent since Deri, long the target of a police investigation into financial corruption, may soon have to face legal charges.

The prime minister is offering the smaller opposition parties the same deal he had promised Shas at the time the government was formed last summer: that before Israel agrees to make any

territorial compromise in the peace process, the issue will be brought to a national referendum.

But that is apparently not good enough for Rafael Eitan of Tsomet and NRP spokesman Zevulun Hammer, who said this week there was not much to talk about, since they have little common ground with Labor when it comes to policy.

Likud leader Benjamin Netanyahu denied speculation on a possible national unity government with Labor.

Meanwhile, negotiations continued within the coalition. Energy Minister Amnon Rubinstein of Meretz met with Deri for an hour-long meeting Wednesday, but there was no real movement toward a solution, just speculations about who would give up what.

Meretz leaders insisted that they would not give up the Education Ministry, now presumably reserved for Rubinstein, unless they received a significant post in return, such as the Foreign Ministry.

Such a scenario would mean a reshuffling of Labor ministers.

If Meretz were given the Foreign Ministry, then incumbent Foreign Minister Shimon Peres might be shifted to defense, a portfolio currently held by Rabin himself.

So far, though, there has been no indication that any of the Labor ministers, or Rabin, intend to move in that direction.

**KOHL PROMISES TO REVISE DRAFT LAW COMPENSATING JEWS FOR SEIZED PROPERTY**

NEW YORK, May 12 (JTA) -- German Chancellor Helmut Kohl promised Jewish leaders this week that his government will modify a controversial draft law that in its current form would tax Jews 25 percent for the return of property seized by the Nazis, mostly in eastern Germany.

In a private meeting Wednesday in Bonn with Ignatz Bubis, head of the German Jewish community, and officials from the World Jewish Congress, Kohl said that the tax requirement would be altered for victims of the Nazis, according to a Jewish official who was present.

The proposed law was aimed at clearing up questions of property ownership and would apply to land seized by both the Nazis and the communist regime of the former East Germany.

Hundreds of millions of dollars of property is believed to be involved.

Jewish officials have objected to the draft law, saying that the tax requirement meant that, in effect, Jews were being asked to pay for stolen goods.

Kohl told the Jewish leaders that the draft law was not the final word and that the Jewish community would be dealt with separately, apart from the general restitution law.

WJC President Edgar Bronfman, who was among those who met with Kohl, described the talk as "warm, friendly and constructive."

"The chancellor was clearly sympathetic to those who had suffered under the Nazis," Bronfman said.

Kohl said he had secured agreement both within the ruling party as well as from the opposition parties for changing the proposed law as it dealt with Jews.

The proposed law already contains a break for Jews, who would have paid a tax of 25 percent of current market value, while non-Jews would pay 33 percent.