

**KUWAIT SAYS IT'LL STOP BOYCOTTING FIRMS THAT DO BUSINESS WITH ISRAEL**

By Cynthia Mann

JERUSALEM, June 8 (JTA) -- The Israeli government and American Jewish groups have lauded an announcement by Kuwait's foreign minister that his country will no longer adhere to the "indirect" Arab boycott of companies that do business with Israel.

Kuwaiti Foreign Minister Sabah al-Ahmed al-Jaber al-Sabah announced the policy change Tuesday in Kuwait, but said his country would continue to honor the primary Arab boycott, which bars doing business with Israeli companies or in Israel itself.

Nonetheless, Israeli Foreign Minister Shimon Peres hailed the news and said other Arab states should follow suit.

"I welcome it," said Peres. "The time has come for all the countries to put an end to this ugly politics" by embracing open economic borders and free trade.

"Arabs should join the modern age like anybody else," he said.

A statement issued later by Israel's Foreign Ministry added that "peacemaking and an economic boycott are incompatible. Therefore, the Israeli government will continue to work for a region where the free flow of goods is the cornerstone of economic cooperation and development."

In New York, the Conference of Presidents of Major American Jewish Organizations welcomed Sabah's announcement.

"Kuwait's dropping of these economic barriers will help foster a climate of trust and confidence that will encourage progress in the peace negotiations," the umbrella group said in a statement issued jointly by its chairman, Lester Pollock, and its executive vice chairman, Malcolm Hoenelein.

"We hope that ending the primary boycott of Israel and Israeli companies will soon follow," the group said.

**'First Break' Since 1951**

The U.S. ambassador to Kuwait, Edward Gnehm, had told the conference last week that the Kuwaiti government would be issuing new regulations and revising forms to remove boycott-related questions.

The Kuwaiti announcement was also welcomed by the National Jewish Community Relations Advisory Council. Lawrence Rubin, the umbrella group's executive vice chair, called on the "other members of the Arab League, particularly Saudi Arabia," to "follow Kuwait's example and announce an unequivocal termination of the secondary boycott."

The American Jewish Congress, which publishes the newsletter "Boycott Report," called the Kuwaiti move "the first break in the Arab League boycott against commercial firms since it was imposed in 1951."

Robert Lifton, the group's president, added, "We hope the 11 other countries still part of this secondary boycott will follow Kuwait's example."

The Anti-Defamation League was more wary in its statement. Abraham Foxman, the group's national director, said, "We welcome this long-

overdue Kuwaiti decision but remain cautious in light of past Kuwaiti pledges in this regard."

Noting that Kuwait reportedly sent a representative to an Arab League boycott meeting in Damascus last month, Foxman said, "We hope that this time, Kuwait will translate word into deed."

The Jewish groups all praised the Clinton administration for "aggressively pursuing the boycott issue," as Rubin of NJCRAC put it.

**VICHY LEADER BOUSQUET KILLED BY LONE GUNMAN AT HIS DOORSTEP**  
By Michel Di Paz

PARIS, June 8 (JTA) -- Jewish leaders have condemned the murder of Rene Bousquet, the French Nazi collaborator who ordered the roundup and deportations of thousands of Jews, but added they could not shed tears over his death.

Bousquet, 84, was shot dead Tuesday morning in his Paris home by an apparently deranged French writer, Christian Didier, who several years ago had been caught in a failed attempt to kill another war criminal, Klaus Barbie.

Bousquet, as former secretary-general of the Vichy police, was responsible for sending tens of thousands of French Jews to German death camps and personally oversaw the infamous Velodrome d'Hiver roundup of Jews in 1942.

Bousquet also reportedly asked the Nazis to lower the age of the Jewish children to be arrested and deported.

Ironically, a French court of appeals had been scheduled to decide within a few weeks whether to try Bousquet for crimes against humanity.

Jean Kahn, head of CRIF, the umbrella organization representing French Jewry, said he was sorry that Bousquet's long-awaited trial would never take place.

"It would have been something essential to the younger French generations," Kahn said.

"We are living in a state of law. No one should take the law into his own hands. We have been deprived of a very important trial," said Kahn.

**Admits Killing 'That Piece Of Garbage'**

In Washington, Abraham Foxman, national director of the Anti-Defamation League, said, "I will not shed a tear for his death, but I wish he'd lived to face trial and be subject to justice."

"I'm sorry that his death may impact on the freedom of another individual. Bousquet took enough lives in his lifetime," said Foxman.

Didier, the 49-year-old killer, escaped the scene of the crime, but later summoned the French media to a hotel room where he confessed to the killing and was later arrested.

Posing as an agent of the French Ministry of Interior, Didier rang the bell at Bousquet's apartment on Paris' elegant Avenue Raphael early Tuesday morning.

Didier said he was carrying a subpoena for Bousquet. Once inside, Didier pulled out a .38-caliber revolver and shot Bousquet four times.

"I didn't care about killing that piece of garbage," Didier said in an interview on French television.

"The guy had incredible energy. I fired a

second time and he kept coming at me. I fired a third time and he started to stagger.

"The fourth time I got him in the head or the neck and he fell with blood running out of him," Didier said.

Didier explained his actions by saying, "In order to feel better, I knew I had to do something big, something important, something for the well-being of mankind."

Didier then read a message he had sent to various newspapers, in which he explained his "divine wandering," his search of the "breath of God," his "mission on Earth."

Police confirmed that the gun found in Didier's possession was the weapon used in Bousquet's murder.

### Tried To Kill Klaus Barbie

Didier previously served a four-month sentence for his attempted murder of Barbie.

In May 1987, Didier tried to enter Barbie's prison cell in Lyon, posing as a urologist, since Barbie was suffering from a bladder cancer. But Didier was discovered to be carrying a gun.

Reacting to Tuesday's murder, Jewish leaders lamented the fact that since a Bousquet trial would now never be held, an opportunity to publicly expose the Vichy regime's collaborationist record would be denied.

Elan Steinberg, executive director of the World Jewish Congress, said in New York, "The Vichy government should not be let off the hook by this assassination. Its sordid record must still be scrutinized and brought to public light."

Rabbi Marvin Hier, dean of the Simon Wiesenthal Center in Los Angeles, called Bousquet "a notorious war criminal who deported innocent children to the death camps."

"But justice would have been better served had he been tried in a court of law and his record of inhumanity documented there for all time," he said.

Hopes that Bousquet would be brought to trial had been recently buoyed by a recent French appeals court ruling last week that, for the first time, ordered a Frenchman to be tried for war crimes in the case of Paul Touvier, wartime chief of the Lyon militia.

Those who pursued the case against Bousquet, chief among them Paris Nazi-hunter Serge Klarsfeld, said he owed his success to lying about his wartime activities, among which were that he had assisted the French Resistance and had refused to deal with affairs concerning the Jews.

But documents Klarsfeld discovered in Nazi archives in 1989 were found to contain a memorandum Bousquet sent to his deputies all over France in August 1942, stating that "the head of the government," then Marshal Philippe Petain, "wants you to personally supervise control of the measures decided against the foreign Jews."

Bousquet was indicted in 1991 for crimes against humanity. The indictment culminated a 10-year effort by Klarsfeld and his organization, the Sons and Daughters of Deported People, to reopen the Bousquet case despite official reluctance.

When he was brought to trial in 1949, he was given a symbolic sentence which was immediately revoked in recognition of "services rendered to the Resistance" and having been a deportee. He was pardoned in 1949.

Afterward, Bousquet lived in the lap of luxury and success as a banker and businessman. In his waning years he was a director of the famed Baccarat crystal factory.

### **U.S. TEAM MEETS WITH ISRAELI OFFICIALS TO DISCUSS TERMS OF LOAN GUARANTEES**

By Cynthia Mann

JERUSALEM, June 8 (JTA) -- A U.S. State Department delegation met with Israeli officials here this week to discuss the terms of the next \$2 billion installment of the \$10 billion package of U.S. loan guarantees to Israel.

An Israeli Foreign Ministry spokesman would confirm only that "close consultations" were being conducted in order "to fulfill the requirements of the loan guarantee legislation."

But it is understood that part of what is being discussed is what penalties will be levied against Israel for government construction in the territories, which is precluded by the legislation. The penalties would take the form of deductions from the money allotted by the guarantees.

A Finance Ministry official said only that U.S. officials were here "collecting information" on the Israeli economy, such as its privatization process, immigrant absorption and the use of the loan guarantees.

He described this as a routine process in preparation for the next meeting of the countries' joint economic development group.

Jacob Frenkel, governor of the Bank of Israel, said that according to the terms of the loan guarantee legislation, the money must be spent to aid immigrant absorption "through the promotion of investments and activities in the private sector."

To this end, about \$600 million will be used this year to finance government infrastructure investments, according to Frenkel. The rest, he said, will be allocated to "activities which encourage the private sector in its investment-related operations."

Meanwhile, Prime Minister Yitzhak Rabin on Monday night argued that Israel continued to need the loan guarantees, despite the easing of the immigration flood the money was intended to support.

Rabin made the argument at a conference in Tel Aviv titled "What do you do with \$10 billion?" and co-sponsored by the Ma'ariv newspaper and Bank Leumi.

Rabin said the money was still needed to secure foreign investment, a point reinforced by other speakers, including Frenkel and Treasury Director-General Aharon Fogel.

"The whole world now knows that Israel has a secure source willing to guarantee a massive amount of money," said Rabin.

He emphasized that the bulk of the money will be invested in infrastructure.

Some economists at the conference argued that the Israeli economy is in fact being harmed by the guarantees, because they project an image of a dependent and vulnerable country. They also warned that cuts in U.S. aid were inevitable.

### **U.N. PRESIDENT TO VISIT ISRAEL**

UNITED NATIONS, June 8 (JTA) -- The president of the General Assembly will pay a visit to Israel in August, at the invitation of Israeli U.N. Ambassador Gad Yaacobi.

President Stoyan Ganev is the U.N. ambassador from Bulgaria. He will serve the largely ceremonial post until the beginning of the next General Assembly session in the fall.

Ganev's visit will be part of a general tour of the region.

# BEHIND THE HEADLINES:

## LABOR PARTY HAVING TROUBLE SELLING 'LAND-FOR-PEACE' IDEA

By David Landau

JERUSALEM, June 8 (JTA) -- Prime Minister Yitzhak Rabin has run into difficulty convincing Israelis and supporters of Israel abroad that the "land-for-peace" concept, long derided by the opposition Likud party, could provide the Jewish state with true security.

Rabin's predicament was illustrated by two incidents this week, one involving settlers on the Golan Heights and the other involving the American Israel Public Affairs Committee.

In recent months, Golan residents have stepped up their efforts to sway public opinion and government officials against making territorial concessions on the strategic plateau in exchange for peace with Syria. Some Golan settlers have even suggested they would take up arms to resist such a withdrawal.

Rabin, reacting to their statements, angered Golan residents this week by declaring they could "spin around like propellers" as far as he was concerned, but they would not influence the public against the government.

Rabin made the caustic comment before his Labor Party's Knesset faction in reply to Knesset member Avi Yehezkel, who claimed that the political right seemed to be making its mark on public opinion in recent weeks.

The prime minister also said he was opposed to a proposed bill that would require the government to hold a nationwide referendum before trading land for peace.

When Golan settlers loudly protested his remarks about them, Rabin backpedaled and said he was referring only to a small minority in the Golan who, together with rightist groups, had behaved excessively during recent demonstrations.

The prime minister said he "regards the settlers on the Golan Heights as pioneers," according to a statement released by his office Tuesday. "Their presence on the Heights gives strength to Israel's position in the negotiations -- whatever decisions are ultimately taken."

Clarifying statements and apologies were also the upshot of an unrelated episode this week when a member of the American Israel Public Affairs Committee, accompanying a congressional delegation from Florida, sharply criticized Rabin's land-for-peace policy at a session in Jerusalem.

The AIPAC member, Harvey Friedman, was quoted as saying, "Where does Rabin get thechutzpah to give up territory?"

### Talk Of Peres Meeting With Syrian

Friedman made his remark in the presence of Deputy Foreign Minister Yossi Beilin, a leading government dove who reacted with vehemence.

Both Tom Dine, AIPAC's executive director, and Steve Grossman, its president, sent hasty messages to Israel assuring the government Friedman was not speaking on behalf of the pro-Israel lobby and did not represent its positions.

Some political observers here saw these two incidents as part of the same process of educating the public at home and abroad to regard land-for-peace as a policy that could eventually bring Israel true security, rather than as the heretical proposition that past Likud-led governments have always described it to be.

With Syria seen to be moving slowly but inexorably toward a readiness to sign a peace

agreement with Israel, the government is intent on building up public support for a painful territorial concession that will shear away much of the Heights from Israel.

On Tuesday, Syria's deputy president, Abdel Khalim Khaddam, said the idea of American guarantees for peace between the two countries was a negotiable issue.

Israeli Foreign Minister Shimon Peres said the same day that this idea had been broached in the ongoing negotiations and that the United States had implied it was ready to provide interim security arrangements on the Golan Heights. He said though that no formal discussions on the proposal had taken place.

Peres also confirmed that there were "some attempts" to arrange meetings between him and his Syrian counterpart, but he dampened speculation in the Israeli news media that the two ministers planned to meet next week at a U.N. human rights conference in Vienna.

Similar to the Golan, the present government's policy regarding Palestinian autonomy in the West Bank and Gaza Strip also implies an extensive withdrawal of Israeli control over the territories and an open-minded posture regarding their eventual status.

Peres, in an interview this week with the newspaper Davar, urged a "federation or confederation" between Jordan and these Palestinian areas. "Confederation" would imply a large measure of independence.

Here, too, a sharp change of direction is required both among Israel's supporters abroad and among Israelis at home, who have been conditioned by 15 years of government policy to regard Palestinian political ambitions with animosity.

## KNESSET APPROVES CABINET CHANGES, INSTITUTED ANYTHING BUT SMOOTHLY

By Cynthia Mann

JERUSALEM, June 8 (JTA) -- The Cabinet reshuffle worked out to end the Labor government's latest and most serious coalition crisis were formally approved by the Knesset and put into force this week.

On Monday, the Knesset approved the various ministerial changes by a 59-37 vote.

The shuffle was a concession to an ultimatum issued by the fervently Orthodox Shas party that it would quit the coalition unless the outspoken Shulamit Aloni, leader of the secularist Meretz bloc, was removed from her post as minister of education.

After dramatic behind-the-scenes wrangling, the education portfolio remained with the Meretz bloc but was transferred to Amnon Rubinstein, who previously held the energy portfolio.

Aloni has become the science and technology minister, as well as minister of communications.

The transition was not completely smooth, as Aloni protested the 11th-hour appointments of three Shas activists to Postal Authority posts by the outgoing communications minister, Moshe Shahal of the Labor Party.

Meanwhile, Aryeh Deri, the leader of Shas who issued the ultimatum triggering the crisis, has been given back his interior portfolio, which he had temporarily yielded at the demand of Prime Minister Yitzhak Rabin.

An effort to block Deri's reappointment, on the grounds that a police investigation of him for alleged corruption makes Deri unfit to hold the office, was rejected by the High Court of Justice.

# JERUSALEM GEARS UP FOR FIRST SERIOUS MAYORAL CONTEST IN MORE THAN 20 YEARS

By David Landau

JERUSALEM, June 8 (JTA) -- Jerusalem is gearing up for its first serious mayoral contest in more than two decades as veteran Mayor Teddy Kollek, 82, takes on a vigorous challenger in former Health Minister Ehud Olmert of Likud.

Mayoral elections will be held in most of Israel's towns in November.

Olmert, 46, triumphed impressively Monday in his party's local primary election over former Knesset member Reuven Rivlin, a well-known Jerusalem figure and former chairman of the capital's popular Betar Yerushalayim soccer team.

In a major upset in the Likud's countrywide municipal primaries, the mayor of Kiryat Shmona, Prosper Azran, was defeated by his deputy, Yosef Chimi.

Both Rivlin's and Azran's defeats were attributed by some political observers to their allegiance to the David Levy faction within the Likud. Former Foreign Minister Levy and his followers are now firmly in opposition to the leadership of party Chairman Benjamin Netanyahu.

Last week, Levy demanded Netanyahu's resignation after the police announced they were ending, without making any charges, an investigation of Netanyahu's charge of political blackmail directed against him during the Likud's leadership contest earlier this year.

Levy contends that Netanyahu's accusations, indirectly leveled at Levy, were trumped up.

Olmert probably would have won the primary regardless of Rivlin's connection to Levy. But the unexpectedly large margin of Olmert's victory -- 68 percent against 32 percent of the 6,800 ballots -- may be attributable to the rank and file's distaste for the power struggle in the movement.

Olmert is already molding his campaign image as a moderate, rather than as a traditional Likud candidate of the political right.

He had pledged to pull together a list of candidates for the City Council drawn from far beyond the confines of the Likud itself, whereas Rivlin sought to run on a "pure" Likud ticket.

## Kollek Dumps Deputy

Olmert, conscious of Kollek's proven popularity, has avoided attacking the incumbent directly.

Rather, Olmert has suggested that Kollek is too old to run, and that his candidacy is merely a political tactic designed to retain the mayoralty for the Labor Party.

He has implied Kollek plans to hand over the position to the No. 2 person on his list, Nachman Shai, just months into the four-year term.

Kollek, although running on his nominally independent One Jerusalem ticket, is seen as affiliated to Labor.

Kollek last week announced that Shai, a popular former television reporter, would be No. 2 on his list. He thereby dumped his longtime deputy, Amos Mar-Haim, who was seen as lacking charisma. This drew bitter criticism from Mar-Haim, who claimed he had been duped by the mayor, and a cynical reaction from the national press.

Shai made a national name for himself as an army spokesman during the Persian Gulf War, when his soothing tones in radio broadcasts gave a sense of confidence to worried Israelis sitting in their sealed rooms.

More recently, he has headed the Second

Channel, Israel's new state-owned radio and TV station.

Kollek's Achilles' heel in the campaign will surely be his own public assertion, last year, that he would not run again. He even quipped that he himself would not support such an aged candidate.

Now, however, Kollek says he will quit only when he is certain that he is handing over the capital, with its sensitive political and religious problems, to a political moderate like himself.

He dismisses Olmert's claim to that mantle, citing his challenger's long and loyal service to the Likud, which Kollek regards as hard-line and insensitive toward Jerusalem's Arab residents.

## AUSTRIAN CHANCELLOR PAYS A LANDMARK VISIT TO ISRAEL

By Cynthia Mann

JERUSALEM, June 8 (JTA) -- Austrian Chancellor Franz Vranitzky pledged on his arrival here for an official state visit that he will continue the process of reconciliation between Israel and Austria that began after the retirement of President Kurt Waldheim.

Vranitzky's visit marks the first to Israel by an Austrian head of government and follows a long period of uneasy relations between the two countries.

The visit is being treated by Israeli officials as an important sign that ties are being renewed.

Vranitzky was greeted at Ben-Gurion Airport by Foreign Minister Shimon Peres and warmly welcomed later at a reception by Prime Minister Yitzhak Rabin, who acknowledged the "ups and downs" in Israeli-Austrian relations.

"Our common history has known hard and bitter days which we may not erase from national memory," said Rabin. "But we must draw the right conclusions from them, and the most important is to preserve and guard the dignity of man, to extend a hand in peace and friendship, to repress rivalry and enmity."

Rabin said that Israel appreciated Vranitzky's "contribution to the improvement of relations between Austria and Israel, and we are convinced that your term of office will be a period of growth and blossoming of these relations between our two peoples."

Vranitzky was the first Austrian political leader to admit his country must shoulder take some responsibility for the Holocaust.

Until Vranitzky made that declaration two years ago, Austrian public opinion held that the country, incorporated into the Third Reich in 1938, was merely a victim of Nazism.

Israeli-Austrian relations sank to an all-time low following the 1986 presidential election of Waldheim, who covered up the nature of his service in the German army during World War II.

Relations began to improve after Waldheim retired last year.

Vranitzky recently met with Palestine Liberation Organization Chairman Yasir Arafat in Vienna, and there is speculation that he is delivering a message from Arafat to Rabin. But the Austrian government has insisted that Vranitzky has not come to mediate the Israeli-Palestinian conflict, despite his plan to meet with Palestinian leaders while here.

At his reception Tuesday, Vranitzky said peace in the Middle East is not only important to the region but also to Europe. He also said Austria has emerged from the shadow of its past, in which it caused suffering to its Jewish people.