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**ISRAEL BOMBARDS TARGETS IN LEBANON
IN MAJOR RESPONSE TO RECENT VIOLENCE**
By Hugh Orgel

TEL AVIV, July 25 (JTA) -- In one of the heaviest air strikes since the Lebanon War, Israeli jets and helicopter gunships attacked guerrilla and military bases across Lebanon on Sunday, including at least one Syrian-held position.

Syria's official news agency reported two Syrian soldiers killed and one wounded in the raids, with other reports saying up to six Syrian soldiers were killed.

These would be the first Syrian soldiers killed by Israeli action in Lebanon in several years.

Two Israeli civilians were also reported killed in attacks by Katyusha rockets fired into Galilee from southern Lebanon. But there were no immediate details on these fatalities.

The Israeli strikes were ordered in response to weeks of increased clashes on the Lebanese border that have resulted in the deaths of six Israeli soldiers this month alone -- the largest monthly death toll in nearly three years.

In the latest incident, Sgt. Gad Lipski, 19, of Ramat Aviv was killed last Thursday by a mortar shell that fell near an Israel Defense Force post in the northern part of the border security zone Israel maintains in southern Lebanon.

Following that incident, Prime Minister Yitzhak Rabin convened a meeting Friday of the ministerial defense committee, which decided that Israel should respond militarily to the escalation of violence in Lebanon.

The air strikes were given final approval during a Cabinet meeting Sunday morning. Shortly afterward, the government summoned the heads of the opposition parties to the Prime Minister's Office to brief them on the military operation and win their support.

Benjamin Netanyahu, Rafael Eitan and Rehavam Ze'evi, who respectively head the right-wing opposition Likud, Tsomet and Moledet parties, all gave their full support for the operation.

Residents Confined To Bunkers

At 11:30 a.m. local time, Israeli air force fighter aircraft and assault helicopters began raiding nine guerrilla targets, eight of them belonging to the Iranian-backed fundamentalist Hezbollah, or Party of God, and one of them to Ahmed Jabril's Popular Front for the Liberation of Palestine-General Command, a secular Palestinian terror group.

Most of the raids were at the southern end of the Bekaa Valley, which is under Syrian protection, particularly near Ba'albek, the military headquarters of Hezbollah.

It was in Ba'albek where Hezbollah two years ago staged a mass demonstration of some 2,000 of its soldiers, in full military uniform with tanks and light artillery.

As the Israeli army announced the raid, residents of northern Israeli border towns and settlements were instructed to take immediate shelter in air raid bunkers.

During the day, several Katyusha rockets were fired into Israel's Galilee panhandle, one salvo of which killed two civilians, Israel Radio

reported. It was expected that most residents would spend the night in shelters.

In response to the Katyusha attacks, air force planes attacked additional guerrilla bases in a wide area of Lebanon north of the security zone, and Israeli heavy artillery batteries moved about the zone, lobbing shells at long-range targets.

The IDF spokesman stressed that the targets chosen were guerrilla and terrorist bases located as far as possible from civilian concentrations.

The IDF said Hezbollah was warned that it would bear full responsibility for civilian casualties in the IDF raids, since they have a policy of hiding their headquarters and bases among civilians.

Reports from Lebanon said five Syrian soldiers were killed during an air raid on Mashghara village, the southernmost Syrian post in Lebanon and a Hezbollah stronghold.

Another Syrian was killed in a later raid nearby, the unconfirmed reports said.

Memories Of War In Lebanon

In Israel, the attack brought back bad memories of the Lebanon War and concern that the operation could escalate.

"I hope that the operation will not get complicated," said Commerce and Industry Minister Micha Harish of the Labor Party.

Environment Minister Yossi Sarid of the dovish Meretz bloc said he hoped his fears would not materialize, and another Meretz minister, Yair Tsaban, said he would rather not say anything at this moment, hardly concealing his concern.

When Police Minister Moshe Shahal of Labor was asked about the scope and duration of the present operation, he brushed off his interviewer, asking him not to talk in terms of "another war."

Prime Minister Rabin, who also serves as defense minister, had said only a few days earlier that there were no easy and clear-cut solutions for the complex situation in Lebanon.

Netanyahu said that as long as the government took the necessary measures to ensure the safety of Israel's northern settlements, Likud would continue to support the government.

The man who orchestrated Israel's 1982 invasion of Lebanon, Likud Knesset member Ariel Sharon, said in an interview prior to Sunday's operation that Israel should make clear to Syria that the elimination of terrorist activities in Lebanon is a condition for continuing peace negotiations with Syria.

Sharon said that there was no need yet for "large operations," but that Israel could not live with a situation in which it continued the peace process without demanding that Syria put an end to guerrilla activities in Lebanon.

Sharon's comments infuriated Meretz Knesset member Ran Cohen, who urged Sharon to keep quiet and stop "bothering the people with painful efforts to justify that damned war."

Cohen said he would submit to the Knesset a bill calling for the establishment of a parliamentary inquiry commission to investigate the Lebanon War.

(Contributing to this report was JTA correspondent Gil Sedan in Jerusalem.)

ADMINISTRATION, CONGRESS TAKE STEPS TO CRACK DOWN ON DOMESTIC TERRORISM

By Deborah Kalb

WASHINGTON, July 25 (JTA) -- With concern about domestic terrorism mounting, the Clinton administration and members of Congress are working to identify suspected terrorists and prevent them from entering the United States.

Last week, for example, the State Department reinterpreted its counterterrorism reward program to include cash payments for information on terrorist acts committed in the United States.

Previously, the department had offered its international rewards program only for acts committed against Americans outside U.S. jurisdiction.

In an unprecedented announcement Friday, the State Department said it was now offering a reward for information concerning one of the suspects in the bombing of the World Trade Center, Ramzi Ahmed Yousef, who is believed to have fled to the Middle East.

The new State Department policy was welcomed Friday by the Anti-Defamation League, which had been working with Sens. Jesse Helms (R-N.C.) and John Kerry (D-Mass.) to codify such a change in the reward program.

ADL backed an amendment to the fiscal 1994 State Department authorization bill, recently passed by the Senate Foreign Relations Committee, which would grant monetary rewards for information on terrorist incidents committed inside the United States.

ADL Counsel Michael Lieberman argued that the State Department's new policy should be codified, so there is "no doubt in the future" about the scope of the State Department program. "There should be no confusion on this," he said.

Changes In Visa Screening Procedures

Many members of Congress have been concerned of late not only about finding terrorists once they commit deadly acts, but also about why the terrorists are allowed to enter the country in the first place.

After a series of terrorist incidents including the bombing of the World Trade Center in New York and shootings near the Central Intelligence Agency headquarters in northern Virginia earlier this year, members of Congress and administration officials are in accord that the system by which U.S. Embassy personnel screen visa applicants needs to be changed.

In hearings last Thursday before a House subcommittee, State Department officials testified about antiquated equipment and lenient procedures that enable terrorists and those linked to terrorism to enter the United States.

There has been particular concern about how Sheik Omar Abdel Rahman, the now-notorious blind Moslem cleric tied to the suspects in the World Trade Center bombing and the plot to blow up New York targets, entered the country.

State Department Inspector General Sherman Funk, who testified last Thursday along with Assistant Secretary of State for Consular Affairs Mary Ryan, said the department was reviewing its policies.

Rep. Charles Schumer (D-N.Y.), a member of the House Foreign Affairs subcommittee on international security, which held the hearings, said in a statement that the department's current policy of "not automatically barring a member of a terrorist group is simply ludicrous."

ARAFAT SNUBS TWO KNESSET MEMBERS BY NOT MEETING WITH THEM IN TUNIS

By David Landau

JERUSALEM, July 25 (JTA) -- Palestine Liberation Organization Chairman Yasir Arafat snubbed Knesset members Yael Dayan and Abdel Wahab Darawshe by canceling a weekend meeting in Tunis at the last moment.

Dayan, a Labor Party member who had traveled to Tunis with Darawshe of the Arab Democratic Party, voiced disappointment that the PLO leader decided to fly off to Yemen on his way to Southeast Asia.

Dayan's accompaniment of Darawshe had been a secret, albeit not a surprise. Dayan met with the PLO chief in January, when the two posed for a photograph that sent shockwaves through Israel.

Dayan, whose meeting was dubbed private and not official, was nevertheless the first government figure to meet publicly with Arafat. That meeting took place shortly after an Israeli law banning contacts with the PLO was lifted by the Knesset.

This time, in Arafat's absence, Darawshe and Dayan held weekend meetings with some of the PLO leader's top lieutenants.

The two Knesset members were due back in Israel on Monday after a stop in Cairo.

Arafat's behavior clearly embarrassed Dayan, daughter of the late Israeli military hero-turned-peacekeeper, Moshe Dayan. She had kept her departure to Tunis a secret until the last moment.

In a separate but probably not coincidental move, a newly formed group of Labor Knesset members, numbering some key party figures among its members, issued a statement over the weekend "not rejecting informing talks with PLO-Tunis at this time."

The group includes the chairmen of the two most powerful committees in the Knesset, Ori Orr of the Foreign Affairs and Defense Committee and Gedalya Gal of the Finance Committee.

The statement explained that the group favors private contacts at this stage -- which reportedly have been taking place -- with a view to formal negotiations with the PLO at a later date, if the present contacts prove fruitful.

Orr himself dismissed calls from Likud Knesset members to banish Dayan from his committee because of her frequent trips to Tunis.

"Yael Dayan is no enemy of the country," Orr remarked. But Still, he sharply criticized her for failing to turn up for committee tours of the front lines arranged by the army.

EBAN SAYS SEIZE CHANCE FOR PEACE

JERUSALEM, July 25 (JTA) -- Israeli elder statesman Abba Eban has warned Israelis of the danger of missing the present opportunity to make peace with the Arab world.

Eban, a former foreign minister and longtime dove, said Israelis, especially the younger generation, would look back with a profound sense of regret and demoralization if the present negotiations between Israel and all its Arab neighbors did not produce peace.

He urged that people not become despondent over periodic halts in the process. Such periods took place in the years between 1977, when Anwar Sadat first launched his peace initiative, and 1982, when the peace treaty between Israel and Egypt was finally implemented, he said.

ISRAEL CARRYING ON QUIET TALKS WITH MOSLEM STATE OF INDONESIA

By David Landau

JERUSALEM, July 25 (JTA) -- Israeli officials have confirmed privately that Jerusalem has been holding discreet talks with Indonesian officials about relations between the two countries, despite an official denial from the predominantly Moslem nation.

The denial from Jakarta that future diplomatic relations between the two countries are under consideration, followed a front-page report in the July 22 edition of the Israeli newspaper Ha'aretz citing a recent visit to the Indonesian capital by the Israeli ambassador to nearby Singapore, Danny Meggido.

The paper said Meggido held talks there with senior Indonesian officials.

The Israeli officials said this was not the first visit of its kind and that there has been previous contact on the political level. But both sides preferred to keep the matter discreet at this stage.

According to the Israeli sources, Indonesia, a Southeast Asian nation of islands and many peoples including non-Moslems, has indicated it would be prepared to upgrade these contacts if there were progress in the Middle East peace process -- especially in the negotiations between Israel and the Palestinians.

As the ruler of a Moslem nation, President Suharto is said to be sensitive to opinion inside his country and elsewhere in the Moslem world.

In 1983, three Israeli representatives attended an international real estate agents conference in Indonesia after months of being denied permission to enter the country.

It was reported that was effected by pressure from the National Association of Realtors, an American group.

CHINA WON'T SELL NUCLEAR ARMS, OFFICIAL ASSURES JEWISH VISITOR

NEW YORK, July 25 (JTA) -- Senior Chinese leaders have assured a Jewish organizational leader that China would never sell nuclear arms and that any transfer of nuclear technology would be in strict compliance with international treaties.

Ishi Liebler, co-chairman of the World Jewish Congress governing board, met recently with Chinese officials, including Wu Xue Qian, the vice chairman of the Chinese Political Consultative Committee.

Liebler urged Wu and other Chinese officials not to export nuclear technology or sophisticated arms to the Middle East that could threaten Israel's security.

The United States and Israel have recently expressed concern at reported Chinese sales of ballistic missiles to Saudi Arabia and Syria and nuclear technology to Iran.

"Notwithstanding China's welcome moves to establish full diplomatic relations with Israel, Jews throughout the world sought to be reassured from China that no activities were being undertaken that could threaten the security of Israel or strengthen the forces of terrorism," Liebler told Wu.

The Chinese official replied that his country was actively promoting the peace process and that China had agreed to relevant international accords and treaties regarding arms transfers and would continue to act in strict accordance with them.

ISRAELI TREASURY TAKES MEASURES TO CUT INFLATION, REFORM ECONOMY

By Gil Sedan

JERUSALEM, July 25 (JTA) -- Israel's Treasury has announced a number of new economic measures aimed at reducing inflation and "Westernizing" the economy.

The measures indicated that, at least in the short run, the government has given greater priority to cutting inflation than to fighting unemployment.

Jacob Frenkel, governor of the central Bank of Israel, declared that the new proposals would turn the Israeli economy into a "Western" economy, with a lower rate of inflation and one clear-cut exchange rate for the shekel.

The main measures include a de-facto devaluation of the shekel by roughly 2 percent, abolishing certain export incentives, reducing import taxes by 2 percent and freezing plans for tax reform.

The proposals were announced here Saturday night by Frenkel and Finance Minister Avraham Shohat.

Although some of the measures appeared contradictory, economic experts explained that one should treat the new policies as a package whose overall effect would be to push the economy in the right direction.

Thus, for example, the immediate 2 percent devaluation of the shekel was expected to be followed during the remainder of the year by a further, gradual devaluation of the shekel.

According to Treasury officials, this will contribute to cutting the annual rate of inflation from 10 percent to 8 percent. (The inflation rate for the first six months of 1993 was 5.8 percent.)

The devaluation would also compensate exporters for the loss of special incentives given to exports.

One Exchange Rate

The government explained that it had no choice but to remove those export incentives, due to pressures from the United States and European countries.

Removal of the export incentives has created a situation in which, for the first time, only one de facto exchange rate for the dollar will exist.

After the economy adjusts to the new measures, the Bank of Israel intends to drop commercial interest rates, as yet another measure of curbing inflation.

The devaluation of the shekel is not to take effect immediately due to the complicated method chosen to carry it out: The plan is for the government and the Bank of Israel to announce a middle exchange rate of "an international basket of currencies."

The Treasury and the Bank of Israel can fluctuate the daily exchange rate within a range of 3 percent under and above the middle or base rate.

That base rate was raised over the weekend by 2 percent.

The exact rate of the devaluation as a result of that change was expected to be determined Monday, when trade in foreign exchange resumes after the weekend.

By and large, it was believed that the change would lead to an immediate 2 percent devaluation of the shekel, but that subsequent devaluations would be more moderate than those made in the past.

AS KOSHER FOOD BECOMES BIG BUSINESS TRANSFORMATION NOT ALWAYS SMOOTH

By Debra Nussbaum Cohen

NEW YORK (JTA) -- Kosher food is going big business, and the industry may be transformed as a result.

Groups of investors and large corporations have been buying up kosher food producers over the last five years, taking over what had been relatively small businesses.

The kosher market itself is no small potatoes: Some \$30 billion worth of food sold in the United States each year has kosher certification.

And the market is growing -- it is now estimated to be one-third larger today than it was just a few years ago.

So corporate America has been buying itself a piece of the burgeoning pie.

Hebrew National was bought last February by the \$21 billion processed-food conglomerate ConAgra Inc.

Empire Kosher Poultry was bought by a group of investors in 1992 and B. Manischewitz & Co. was taken private by a different investment group in 1990.

Another national brand, Bessin Corp., which manufactures Sinai 48 and Best Kosher deli products, was acquired by international giant Sara Lee Corp. earlier this year.

While Sara Lee representatives would not disclose how much they paid for Bessin, they did say that Bessin had 1992 sales of \$85 million.

And Sara Lee, which also owns the Hillshire Farm, Jimmy Dean and Ball Park Frank brands of sausage, had \$13.2 billion in sales for the year ending June 30, 1992.

These changes in ownership have not been without problems.

In the case of Sara Lee and Bessin, for example, a conflict over the company's kashrut supervision illustrates what can happen when corporate America meets up with a religious community long set in its ways of doing business.

Still, conglomerates and investors have persisted in buying into the kosher market for several reasons, say observers.

They are buying well-known brands with loyal customers. According to Alan Abbey, a consultant to the kosher food industry, the big-business buying spree is a result of the niche-marketing trend.

'Everyone' Wants A Kosher Food Company

"Everyone wants to have a kosher food company as part of their mix, just like they are getting into the Hispanic market, the African-American market, the diet market, the elderly market," he said.

Actually, only a fraction of the kosher market -- \$2 billion worth -- is food specifically produced and marketed for the kosher community.

There are far more non-Jewish than Jewish consumers who look specifically for kosher products these days, according to Abbey.

By his estimate, 1.5 million Jews keep kosher all or part of the time, and between 3 and 4.5 million non-Jews shop regularly for food marked with the symbol of kosher certification.

Some non-Jews, like Muslims, buy kosher food for religious reasons of their own. Others do it because they perceive kosher food to be healthier or cleaner than non-kosher food.

With all these valuable consumers, the kosher companies are worthwhile acquisitions

because "they come with valuable brand names," said Abbey.

A Sara Lee representative agreed that purchasing Bessin provided the conglomerate with "a strong entry into premium-priced kosher meats."

Since the company already owned several other meat brands, "it was a natural category for us to move into," said Theresa Herlevsen, a spokesperson for the conglomerate.

According to Rabbi Mayer Bendet, a spokesperson for OK Laboratories, a kosher-certifying agency based in Brooklyn, having the symbol of rabbinic acceptance on packaging has become so valuable to manufacturers that brands are getting squeezed out of their markets without it.

The business of being kosher is expanding geometrically, said Bendet, whose lab has had more requests in the last six months than it had in the previous two or three years.

"It's becoming that a company cannot compete if they're not kosher," said Bendet.

In time, the corporate takeover of kosher brands may benefit consumers, say observers.

Distribution is improved, bringing kosher food to consumers in more parts of the country, said Rabbi Yisroel HaLevi Belsky, a senior authority on kashrut at the Union of Orthodox Jewish Congregations of America.

And as more brands become certified and the market becomes more competitive, prices are forced down, said Bendet.

Some Rough Spots

But thus far the courtship of big, secular corporations and the kosher food industry, which has its own universe of respected personalities and long-established business practices, has not been without its rough spots.

The two very different business cultures have proved difficult to bridge in at least one recent case.

A group of prominent rabbis have questioned the kashrut supervision of two meat brands owned by Bessin, which is now owned by Sara Lee.

Their fight has been unusually public.

Both sides have faxed press releases to the media and Bessin took out advertisements in 10 Jewish newspapers around the country to make its case. That is rare for the kosher food industry, which has historically worked out its problems within the community.

A statement by the challenging rabbis -- Gedalia Dov Schwartz of Chicago, Nota Greenblatt of Memphis and Sholom Rivkin of St. Louis -- warned kosher consumers that there were "serious irregularities" in procedures at the slaughterhouse supplying Bessing with its meat.

The statement prompted kosher butchers and delis across the country to pull Best and Sinai meat products off their shelves.

Then the rabbis who had been supervising the butchering at the slaughterhouses used by Bessin sent out a public statement declaring that the meat was in fact strictly kosher.

The two sides are conducting discussions and say the problems should be resolved soon.

But the episode underlines the changes in the industry.

"It's very rare that this private linen-washing and name-calling makes it into the public eye," said Abbey. "This is the kind of business that has always been conducted behind closed doors and whispered in the backs of synagogues."

"It's a symbol of the changing times. The stakes are a lot higher than they used to be."