

**COURT BACKS ISRAEL'S DECISION
NOT TO TRY DEMJANJUK FURTHER**

By Cynthia Mann

JERUSALEM, Aug. 18 (JTA) -- Holocaust survivors and Jewish groups reacted with outrage to an Israeli court's decision this week that appeared to bring acquitted Nazi war criminal John Demjanjuk one step closer to freedom.

Israel's High Court of Justice on Wednesday rejected petitions from 10 different organizations and several individuals calling on the government to try Demjanjuk on war crimes charges other than the ones he was acquitted of last month.

But the court agreed to delay his deportation until Friday, so that it could review a request to have a larger five-judge panel of the court rule on whether Demjanjuk should be tried on new charges.

If that petition is turned down, the way apparently will be clear for Demjanjuk to leave the country. And it is clear that the 73-year-old former Cleveland autoworker's destination of choice will be the United States, from which he was extradited in 1986.

The U.S. Justice Department and Jewish groups were battling this week to prevent Demjanjuk from returning to the United States. But in the wake of Wednesday's court ruling in Israel and the continuing silence of a federal appeals court in Cincinnati, there was little hope that those efforts would succeed.

As one official put it, anything could happen, but the expectation is that Demjanjuk will be on a plane for America by Shabbat.

Demjanjuk's 1988 conviction and death sentence for war crimes committed at the Treblinka death camp was overturned July 29 by the High Court, which found reasonable doubt that he was the notorious gas chamber operator known as "Ivan the Terrible."

But the court also ruled there was compelling evidence that Demjanjuk had served as an SS guard at the Sobibor death camp and at the Flossenburg and Regensburg concentration camps.

It was on these grounds that the more than 20 petitioners, including Holocaust survivors and the World Jewish Congress, called for a retrial.

Brings 'Shame On The Jewish People'

But their arguments were seriously weakened when the state attorney general, Yosef Harish, recommended last week against a retrial.

Harish said that prosecuting Demjanjuk again would involve the issue of double jeopardy, or trying someone twice for the same crime. Evidence regarding his alleged crimes at Sobibor had been part of the original case.

Harish also said trying Demjanjuk anew would risk violating the terms under which he had been extradited from the United States.

Also cited by Harish was the enormous time, effort and expense that a new trial would demand from the state, with no certainty that a conviction could be obtained.

Wednesday's ruling led to an outburst of emotion in the courtroom.

"The High Court is corrupt; they bring shame on the Jewish people," said one woman.

"Demjanjuk was able to be acquitted because

of a legal loophole," said Efraim Zuroff, director of the Simon Wiesenthal Center's office in Israel and one of the petitioners. "We will also use the legal system in whatever way possible to see that he is going to be held accountable."

"We'll leave no stone unturned in our efforts to see that he doesn't leave here a free man," he added.

A leader of the extremist Kach movement predicted that Jews would take the law into their own hands if Demjanjuk was freed.

"We will make justice," Baruch Marzel told Israel Radio on Wednesday. "Demjanjuk one day will be killed by good Jews and not by corrupt Jews like we have in the High Court."

"He'll be dead in a short period -- if not in Israel, somewhere else. But he will be dead," Marzel said.

On Friday the petitioners will be granted a second hearing, but it is not expected to result in a different ruling. One legal expert called the rehearing an "appropriate" formality.

"I don't think it will change the final result," said Kenneth Mann, a law professor at Tel Aviv University.

"But the court is intent upon allowing the parties to exhaust all procedures for reviewing the case before (Demjanjuk's) release and deportation," he continued. "It is appropriate."

Silence From Cincinnati Court

If the rehearing results in no new decision, Demjanjuk presumably will seek to return to the United States immediately.

Demjanjuk's son-in-law, Edward Nishnic, said this week that if Demjanjuk is freed, he will try to return to the United States, rather than to his native Ukraine, which has granted him asylum.

U.S. Rep. James Traficant (D-Ohio), a key Demjanjuk supporter, flew to Israel this week to escort Demjanjuk home. According to reports here, the family had purchased airline tickets for Wednesday, assuming the Israeli court would allow him to leave immediately following its decision.

Jewish groups have been seeking to bar Demjanjuk from returning to the United States. But on Aug. 3, a three-judge panel of the 6th U.S. Circuit Court of Appeals in Cincinnati ruled that the government could not bar him from re-entering the country.

The U.S. Justice Department has appealed that decision to the full circuit court and asked it for a stay of the three-judge panel's ruling pending the outcome of the appeal. But as of Wednesday afternoon, the Cincinnati court had not responded to the various petitions.

The Justice Department said this week that unless a stay is granted or the Aug. 3 ruling is overturned, it will comply with the order and allow Demjanjuk into the country.

Demjanjuk would most likely be admitted under the attorney general's parole authority, which enables her to admit people who otherwise would be considered illegal aliens.

Jewish groups are already contemplating what they will do if Demjanjuk is allowed back into the country, with several saying they will fight to have him removed.

(Contributing to this report was JTA staff writer Mitchell Danow in New York.)

NEWS ANALYSIS:**PALESTINIANS' NEW PLO STATUS
RUFFLES FEW FEATHERS IN ISRAEL**

By Gil Sedan

JERUSALEM, Aug. 18 (JTA) -- A year and a half ago it would have been enough to bring down a government.

The idea that Israeli negotiators would sit side by side with Palestinian negotiators who were officially linked with the Palestine Liberation Organization was unheard of.

When Palestinian delegate Saeb Erekat announced in the fall of 1991 that he was actually representing the PLO, Israel refused to accept him back at the negotiating table until he had found some excuse to retract the statement.

At that time, the more hard-line Likud government was in power, and it also refused to recognize Faisal Husseini as an official delegate.

The reason was that he was a resident of Jerusalem, and Israel had insisted it would only negotiate with representatives of the West Bank and Gaza Strip. Negotiating with Husseini, the Likud government argued, would imply that Jerusalem was part of the administered territories and therefore up for negotiation.

But Husseini is now recognized by Israel's current Labor government as the chief Palestinian negotiator, if not the titular head of the Palestinian delegation.

And Labor ministers hardly blinked last weekend when Husseini and two of his colleagues -- Erekat and Palestinian spokeswoman Hanan Ashrawi -- were named official members of the PLO steering committee monitoring the peace talks.

Predictably, the opposition lashed out at this development, with Knesset member Tzachi Hanegbi of Likud arguing that Husseini should be banned from the peace talks because he was a confirmed PLO agent.

Labor politicians chose simply to ignore the announcement about the appointments from the Tunis-based PLO leadership.

Economic Development Minister Shimon Shetreet, a hawk who opposes any contacts with the PLO, declared that since there was no official PLO communique on the subject, the appointments were simply a technical move that ought not be taken too seriously.

The government could also continue to insist that it had not changed policy. It could still say it was negotiating directly only with "indigenous Palestinians," rather than PLO leaders in exile.

Far from derailing the peace talks, the PLO move has left all parties -- Israeli and Palestinian -- pretty well-satisfied.

The Palestinians have temporarily pushed aside their internal differences; the Likud can once again cite its favorite verse, "We told you so"; and Labor can go on fantasizing that the PLO does not exist at all and that a peace settlement is near.

Meanwhile, everybody knows the truth: that Israel is indeed negotiating with representatives of the PLO and has been doing so ever since the peace talks began.

Even Likud leaders recognized long ago that it is better to deal with the more moderate Palestinian forces represented by the PLO than the rejectionists represented by the Islamic fundamentalists and radical left-wing Palestinian factions.

This may be the main reason why the con-

troversy over the PLO move has disappeared from the Israeli national spotlight almost as quickly as it appeared.

Tuesday's newspapers, for example, hardly devoted a word to the issue that had captured banner headlines only two days earlier.

This is perhaps because Israel has been absorbed this week with a controversy surrounding top officials of the Shas party that could very well mushroom into a full-scale coalition crisis and topple the Labor government.

In short, it appeared this week that Prime Minister Yitzhak Rabin was getting more of a headache from his own Cabinet ministers than from Palestine Liberation Organization leader Yasir Arafat.

**BUS DRIVER STABBED IN GAZA
BY ARAB ABOARD THE VEHICLE**
By Gil Sedan

JERUSALEM, Aug. 18 (JTA) -- An Israeli bus driver was stabbed in the shoulder Wednesday in the Gaza Strip by a passenger among a group of Palestinians he was transporting back from work in Israel.

The driver, who suffered moderate wounds, was assaulted at the Beit Lahiy junction, some three miles from the Erez checkpoint at the border between Gaza and Israel proper.

The assailant and a number of others fled the scene, while others in the bus stopped a military jeep for help.

After receiving initial medical treatment at a nearby military outpost, the driver, whose name was not immediately released, was transferred to Soroka Hospital in Beersheba.

This was the second terrorist attack in the Gaza Strip in the past 24 hours.

Earlier, a masked man attacked an Israeli soldier with an ax at the Rafah refugee camp. The attack occurred as the soldier tried to arrest the man, who was writing nationalist slogans on the walls. The soldier suffered moderate wounds.

Another soldier fired at the attacker, wounding him.

BANK FINED ON BOYCOTT CHARGES

WASHINGTON, Aug. 18 (JTA) -- The Commerce Department announced this week that it was imposing a \$103,000 fine on American Express Bank, Ltd., for allegedly complying with terms of the Arab boycott of Israel.

The New York-based bank, a subsidiary of the American Express Co., agreed to pay the fine but did not admit or deny that it had violated U.S. antiboycott laws.

The Commerce Department charged the bank Monday with having committed 39 alleged violations of the Export Administration Act and Regulations between August 1988 and January 1992.

Among the alleged violations were 13 allegations that the bank provided Lebanon and Oman with information about business relationships with Israel, the Commerce Department said.

Also, the department alleged that on 25 occasions, the bank did not report receiving boycott-related requests from Kuwait.

The case "illustrates the importance of major banks being concerned about and vigilant against boycott-related activities," William Skidmore, director of the Commerce Department's Office of Antiboycott Compliance, said in a statement.

STATE DEPARTMENT ADDS SUDAN TO LIST OF TERRORIST NATIONS

By Deborah Kalb

WASHINGTON, Aug. 18 (JTA) -- In an indication of its growing concern about Islamic fundamentalism, the State Department has announced it is adding the eastern African nation of Sudan to its list of countries considered state sponsors of international terrorism.

Among the reasons Sudan was placed on the list was its support for terrorist organizations, including the Abu Nidal group, Hezbollah and Palestine Islamic Jihad.

"The evidence currently available indicates that Sudan allows the use of its territory as sanctuary for terrorists, including the Abu Nidal organization and members of Hezbollah and Palestine Islamic Jihad," State Department spokesman Mike McCurry said Wednesday in announcing Sudan's addition to the list.

Secretary of State Warren Christopher made the decision to add Sudan following a 180-day State Department review of Sudan's links to terrorist activities.

McCurry said that Christopher's decision was independent of reports linking Sudan to the recent alleged bombing plot against various New York City sites.

"The secretary disregarded any possible information about the alleged bombing plot in New York in reaching this decision," McCurry said.

As a result of being placed on the terrorism list, Sudan will be ineligible for most forms of U.S. assistance.

But Sudan was not receiving large amounts of American aid to begin with.

McCurry said that, apart from financial considerations, "the thrust of this decision will be to isolate Sudan from the community of civilized nations."

Other countries currently on the terrorism list are Cuba, Iran, Iraq, Libya, North Korea and Syria.

ISRAEL MAY HAVE TO CHANGE WAY IT BUYS U.S. DEFENSE EQUIPMENT

By Deborah Kalb

WASHINGTON, Aug. 18 (JTA) -- Beginning next year, Israel may be facing major changes in how it buys its defense equipment from the United States.

The Pentagon announced earlier this summer that as of January 1994, it would end the commercial sales channel of the Foreign Military Financing program, under which Israel buys a substantial part of its equipment.

FMF is a program assisting U.S. allies in buying weapons and other defense equipment, generally from the United States.

Currently, some FMF recipients, such as Israel and Egypt, can go through either a government channel, in which the U.S. government buys desired items on behalf of the recipient, or a commercial channel, in which the foreign government engages in direct commercial contracts with suppliers.

Israel is the largest recipient of FMF funds, with an annual grant of \$1.8 billion per year.

The Israeli government is currently hoping an arrangement can be worked out with the U.S. government that would enable it to continue purchasing certain items through commercial

channels, according to Ruth Yaron, the Israeli Embassy spokeswoman here.

Yaron said that about one-third of Israel's FMF purchases are currently going through commercial channels. "We attach great importance to that," she said.

Israel is concerned that if it is barred from buying equipment through commercial channels, it will not be able to purchase some of the equipment it needs. Certain equipment is not available through the government, and some that is available is cheaper when purchased commercially.

Israeli officials have raised the issue with U.S. officials, and Yaron said the Americans were "sympathetic" to Israel's needs.

Yaron said that the Israelis would ultimately like a solution under which exceptions to the government-channel policy could be made, at the discretion of the U.S. administration.

The Israelis have "no complaint or disagreement" with the Americans on the issue, she said.

Some in the pro-Israel community expressed concern that the new policy represents a real problem, and could dramatically affect the methods by which Israel buys its military equipment.

But others played down the importance of the Pentagon announcement, saying either that a compromise would be worked out or that the policy would eventually not be implemented at all.

Response To Dotan Affair

The Pentagon announced in June that it was planning to terminate the commercial channel.

According to a Pentagon statement, the decision was made in part because of congressional criticism of the program.

A recent congressional report detailed a large-scale audit conducted by the General Accounting Office of military sales to Israel and Egypt.

The report was requested by Rep. David Obey (D-Wis.), an advocate of foreign aid reform who chairs the powerful House Appropriations subcommittee on foreign operations, which appropriates foreign aid money.

The audits were done in the wake of a major fraud case in Israel involving an Israeli general, Rami Dotan, who was convicted of taking approximately \$40 million in U.S. money by filling out false reports on U.S. defense contracts.

The so-called Dotan affair caused concern here that foreign military contracts were not being properly monitored.

The commercial channel was viewed by some as particularly vulnerable to abuse, because the U.S. government has fewer methods of monitoring commercial sales in which it is not involved.

Embassy spokeswoman Yaron said that as a result of the Dotan affair, the Israelis had "dramatically" changed their procurement ratio and were now obtaining fully two-thirds of their military needs through government-to-government channels.

While the GAO report did discuss various "weaknesses" found in the entire process by which Israel and Egypt purchase military equipment, the Israeli Embassy here proclaimed itself "pleased" by the report's overall conclusions.

The report noted that in some cases Israel and Egypt had valid reasons, including price and safety considerations, for using the commercial channel instead of the government channel.

In addition, the report noted that Israel had added controls to its procurement process following the Dotan affair.

JAPANESE TEXTBOOKS TO INCLUDE MENTION OF MAN WHO SAVED JEWS

By Susan Birnbaum

NEW YORK, Aug. 18 (JTA) -- The Japanese Ministry of Education has announced that its high-school textbooks will now include the story of a World War II Japanese diplomat who helped thousands of Jews escape the Nazis.

The Education Ministry informed the World Jewish Congress that a standard first-year high-school textbook will devote eight pages to chronicling how Sempo Sugihara, the wartime Japanese consul general in Kovno, Lithuania, issued thousands of visas to Jewish refugees from Poland to enter Siberia and Japan.

The Japanese Embassy in Washington informed the WJC of this decision "as a result of ongoing discussions on general matters of mutual concern," said Elan Steinberg, WJC executive director.

The actions of Sugihara, whose humanitarian exploits were written up in the book "The Fugu Plan," were opposed by the wartime Tokyo government, which was in alliance with Nazi Germany.

In 1984, the Yad Vashem Holocaust Memorial and Museum in Jerusalem awarded Sugihara a posthumous title of Righteous Among the Nations.

Japan has until recently been extremely reluctant to acknowledge its wartime misdeeds, from its attack on Pearl Harbor to its overrunning of much of China to its use of Korean women as prostitutes.

Moreover, the Japanese media have been overrun by anti-Semitic books, and a mainstream newspaper recently printed a highly visible anti-Semitic advertisement.

Several Jewish groups, including the WJC, American Jewish Committee and Anti-Defamation League, have been holding discussions with Japanese authorities on various issues.

Some Problems Have To Be Addressed

The AJCommittee just completed a study of 40 standard Japanese secondary-school textbooks used for the study of English.

"We found that they were generally sensitive dealing with non-Japanese populations but there are some specific examples of problems that have to be addressed," said Neil Sandberg, president of AJCommittee's Pacific Rim Institute.

"We were looking for intercultural content, how they dealt with outsiders, Jews and others," Sandberg said in an interview from Los Angeles.

He said that, for example, Japanese students read "The Diary of Anne Frank," but the Jewish girl who was hidden in an attic from the Nazis and ultimately deported to her death because she was a Jew "is being increasingly portrayed as a universal figure and less Jewish."

Sandler also described a gratuitous description in a textbook of a rabbi's son, "an unpleasant boy who tripped a Japanese girl to fall."

He said these were exceptions to the rule. "For the most part, the textbooks were pretty good."

Sandler said the inclusion of Sugihara in textbooks "is an attempt to show that people in Japan were capable of human actions during the war."

"In a sense, it is a revisionist inclusion, although I think it is important that it be done."

The AJCommittee report will be submitted to the Japanese Ministry of Education in the fall.

HITLER BUST REMOVED FROM ARTS SHOW IN MELBOURNE AFTER STUDENT PROTEST

By Jeremy Jones

SYDNEY, Australia (JTA) -- A bust of Adolf Hitler, draped with altered Israeli and Nazi flags, has been removed from a university arts display following a protest by Jewish students.

The display, part of the Melbourne University Drama Festival, consisted of a caricature of the Nazi leader flanked by an Israeli flag with a swastika in the place of the Star of David and a Nazi flag with the swastika replaced by a Star of David.

Julian Zmood, political officer of the Australian Union of Jewish Students, lodged a protest with the Melbourne University Student Union after receiving what he described as "a barrage of complaints."

"Jewish students felt that their union fees were being used to desecrate the memory of the Holocaust," Zmood told the Jewish Telegraphic Agency.

The artist, 22-year-old sculpture student Charles Robb, claimed that his work "condemned Nazism" and was designed to highlight the hypocrisy of the art world.

He described the removal of the display as "akin to totalitarianism."

The student union's art committee voted unanimously to remove the work after Zmood contended that it "transgressed union policy on racist material likely to give rise to racial vilification."

Student union President Miranda Sissons said that the decision to remove the piece was based on the "grief and distress" it had caused.

OPENING OF TEL AVIV BUS DEPOT DISRUPTED BY FIRE AND PROTEST

By Hugh Orgel

TEL AVIV, Aug. 18 (JTA) -- Demonstrations and a smoky fire marred Tuesday night's opening of Tel Aviv's new central bus station, said to be the world's largest.

As the buses moved indoors to a shiny new seven-story, air-conditioned building, merchants whose livelihood depended on the formerly outdoor depot staged a rowdy demonstration to protest what they claim is a threat to their means of earning a living.

In addition, smoke billowed through the building when a disgruntled shopkeeper set fire to tires in an underground entrance to the new station.

Other than that, the official tape-cutting ceremony inaugurating the bus station passed without incident.

Among the guests were Prime Minister Yitzhak Rabin, Tel Aviv Mayor Shlomo Lahat and Janis Beitzer, manager of the Port Authority Bus Terminal of New York.

Beitzer said that both the New York station and the new Tel Aviv station were interested in "providing safe, clean and efficient mass transit to our passengers."

But she added she was greeting her Tel Aviv "sister facility" with a "touch of sadness. By its opening, Tel Aviv, and not New York, is now the home of the world's largest bus station."

On Wednesday, thousands of sightseers crowded the large new facility. But few of them could find their way around despite attempts by some 50 hostesses to put them on the right path.