

**PROGRESS REPORTEDLY BEING MADE
ON AN ISRAEL-PLO RECOGNITION PACT**

By Gil Sedan

JERUSALEM, Sept. 1 (JTA) -- While negotiators meet in Washington for what are now being perceived as merely formal sessions, substantive progress reportedly is being made in Oslo, Norway, toward a mutual recognition pact between Israel and the Palestine Liberation Organization.

There, far from the glare of media spotlights, Uri Savir, director-general of Israel's Foreign Ministry, reportedly has been working with PLO officials on the language of a declaration, which some say could be announced shortly.

As a precondition for its recognition of the PLO, Israel is demanding that it amend its 1964 Palestine National Covenant, deleting passages calling for the destruction of Israel, explicitly recognizing Israel's right to exist and renouncing terrorism.

But the PLO counters that such a formal move would delay the process, since changing the covenant would require a meeting of the Palestine National Council, the organization's so-called parliament-in-exile.

PLO Chairman Yasir Arafat, who is far from certain he could win the backing for such a move from hard-line PLO factions, is hoping to persuade the Israelis that declarations made by the council in 1988 and 1991 "supersede" the articles in the covenant that the Israelis want deleted.

The 1988 declaration affirmed Israel's right to exist and renounced terrorism; the 1991 declaration affirmed the need to begin a process of peace talks with Israel.

Officials at the Oslo talks are reportedly encountering difficulties in finding a mutually agreeable text for their declaration. All the same, PLO officials remain optimistic in their appraisal that a declaration is near.

PLO official Hakim Balawi told Israel's army radio on Wednesday that a declaration would take place "within 24 hours" and that Prime Minister Yitzhak Rabin and Arafat would meet within "the next few weeks."

The meeting between the two leaders, said Balawi, would take place after the protocols of the mutual recognition are signed.

Egyptian Foreign Minister Visits

While that prediction seemed a bit optimistic, analysts here were not ruling out anything, given the monumental advances of the past week.

But Foreign Minister Shimon Peres drew a distinction Wednesday between the self-rule agreement approved by the Cabinet this week and any mutual recognition pact with the PLO. He said the relevant "Palestinian organizations" should sign the self-rule accord and then take the appropriate steps to disengage themselves from terrorism.

Meanwhile, Egyptian Foreign Minister Amre Moussa met here Wednesday with Rabin and Peres, and applauded the rapid progress made in the Israeli-Palestinian peace talks.

Moussa reiterated Egypt's support for the Israeli-Palestinian accord on limited self-rule in the Gaza Strip and the West Bank city of Jericho.

But he stressed that the parties should try

to achieve a "comprehensive peace" in the region that includes Syria, Lebanon and Jordan.

The Palestinians, for their part, were working hard at rallying support for the accord.

Arafat has been touring the Arab world this week, trying to get the backing of Arab leaders in Egypt, Yemen and Sudan for the self-rule agreement with Israel.

But Palestinians opposed to the accord are determined to do everything possible to prevent its implementation.

Two representatives of the militant Popular Front for the Liberation of Palestine, Riad al-Malki and Ali Jada, declared their total opposition to the agreement at a news conference Tuesday.

Malki said his organization would resist the autonomy plan just as it had resisted Israel's administration of the territories, saying they were "two sides of the same coin."

Well-aware of the growing pressures from Palestinian rejectionists, Palestinian leaders are making statements designed to keep them at bay.

In the Sudanese capital of Khartoum, Arafat said the Palestinians would never "give up an inch of Jerusalem."

And Yasir Abed Rabbo, who heads the PLO's information department, declared that under the agreement, some 800,000 refugees who had fled the territories following the Six-Day War in 1967 would be allowed to return to their homes.

NEWS ANALYSIS:

**2 SIDES STRUCK DEAL ON THEIR OWN,
BUT SOME SAY U.S. PLAYED A KEY ROLE**
By Deborah Kalb

WASHINGTON, Sept. 1 (JTA) -- For years, the conventional wisdom has been that Israel and the Arabs were incapable of making major advances toward peace without considerable assistance and pressure from the United States.

But Israeli and Palestinian negotiators seem to have defied that logic by conducting secret negotiations in Norway that led to a historic preliminary agreement on limited Palestinian self-rule in the administered territories.

Yet analysts here say this week's breakthrough would not have been possible without prodding from the United States. They say that both the Bush and Clinton administrations deserve credit for fostering the climate that led to the accord, even though they may not have been directly involved in the negotiations that produced it.

On the surface, though, it appears that Israeli diplomats and representatives of the Palestine Liberation Organization did an end run around the official negotiating format for the peace process that the United States has co-sponsored since the fall of 1991.

They bypassed the deadlocked bilateral talks taking place in Washington to hammer out a deal that would establish a Palestinian self-rule arrangement first in the Gaza Strip and the West Bank city of Jericho.

The agreement is "unprecedented in terms of Arabs and Israelis working without the Americans," said Daniel Pipes of the Foreign Policy Research Institute in Philadelphia.

He said that observers to the talks had

always assumed that once the "hard work began, it would be with the Americans. But the hard work is done," he said.

But other analysts say the two sides would never have gotten this close to inking an accord without the active involvement of the United States.

Progress would not have been made without the United States "winning the Cold War, winning the Gulf War and establishing the Madrid framework" for the peace talks, said Richard Haass, a top Middle East adviser in the Bush administration who is now at the Carnegie Endowment for International Peace.

Was U.S. Upset By Agreement?

Robert Satloff of the Washington Institute for Near East Policy also credited the United States, specifically the Clinton administration, for creating the groundwork for the agreement.

If the Clinton administration had not defused the uproar over Israel's deportation of 415 Palestinians to Lebanon nine months ago and the crisis in southern Lebanon last month, while working in general to put the negotiations back on track, the parties "wouldn't have reached the stage" they have, Satloff said.

In addition, the Clinton administration has repeatedly stressed the need for major progress in the peace talks before the end of 1993.

Analysts have credited the breakthrough's timing to domestic Israeli and Palestinian concerns, including the increasing role in the region played by the Islamic fundamentalist Hamas movement and financial pressures in the West Bank and Gaza Strip.

Satloff discounted as "canards" reports that the parties bypassed the Americans, or that the Americans were upset about the agreement.

But Pipes said that he detected a "slightly sour tone" this week on the part of the Americans involved with the negotiations.

Most experts agree that the United States will play a crucial role in the upcoming weeks and months as the parties put the finishing touches on their agreement and attempt to implement it.

Israeli Foreign Minister Shimon Peres, who was instrumental in reaching the secret deal with the PLO, was careful to credit the United States for its role in bringing the parties to an agreement.

Peres Praises Christopher Role

Appearing Tuesday night on public television's "MacNeil-Lehrer Newshour" Peres emphasized the role played by Secretary of State Warren Christopher.

"Let's not forget that even the agreement that we have arrived with the Palestinians is partly based upon the declaration of principles that was worked out by the United States, that even this back channel was known to the secretary of state, that he has encouraged every effort to go ahead, and we still need a real bridge-builder like the United States," Peres said.

The Israelis have also jumped ahead of the United States in dealing directly with the PLO.

While the Israelis seem on the verge of mutual recognition with the PLO, the United States is still holding back, at least for the time being.

On Tuesday, Christopher said the United States had not changed its position regarding the PLO. But he did not rule out an eventual change

in U.S. policy, observing that "this is a rapidly changing environment."

Analysts said the talks here in Washington still have an important role to play, one that complements the ongoing back-channel contacts between the parties.

If and when Israel and the PLO mutually recognize one another, the back-channel contacts will become formal discussions here in Washington, the analysts said.

But Palestinian spokeswoman Hanan Ashrawi, who also appeared on the "MacNeil-Lehrer" broadcast, admitted that "the reality has superseded the negotiations in Washington."

Ashrawi said that "the back-channel talks have really created a new reality and a new dynamic, which is much more effective and much more substantive, and leading to real progress."

KEY ELEMENTS OF ISRAELI-PALESTINIAN ACCORD ON SELF-RULE IN TERRITORIES

JERUSALEM, Sept. 1 (JTA) -- New details of the Israeli-Palestinian declaration of principles approved by the Israeli Cabinet earlier this week have emerged, following the publication of the full text of the agreement by the Israeli daily newspaper Yediot Achronot.

Following are some of the accord's key elements:

Within two months after the declaration of principles goes into effect, the two sides will conclude an agreement on the withdrawal of Israeli forces from the Gaza Strip and the West Bank town of Jericho.

The actual withdrawal of Israeli troops will be completed within four months of the signing of that agreement.

The withdrawal agreement will include provisions for a "smooth and peaceful transfer of authority" from the Israeli military government and Civil Administration to Palestinian authorities.

Once Israeli troops have withdrawn from Gaza and Jericho, a five-year transition period will begin in the administered territories.

As part of an interim agreement, Israel will begin granting the Palestinians in the West Bank and Gaza Strip authority to administer such areas as health, education, social welfare, tourism and taxation.

It will also enable the Palestinians to create and maintain a strong local police force, to be recruited locally and from abroad -- including Palestinians holding Jordanian or Egyptian documents.

The two parties will establish a joint Israeli-Palestinian Liaison Committee "to deal with issues requiring coordination, other issues of common interest, and disputes."

Authority will eventually be turned over to a Palestinian self-governing council, whose members will be elected in a referendum throughout the territories within nine months after the declaration of principles is signed.

Palestinian residents of eastern Jerusalem will be allowed to vote in those elections, which will be held "under agreed supervision and international observation."

But the self-governing arrangement itself will apply only to the West Bank and Gaza Strip.

Discussion of such issues as the final status of the territories, Jerusalem, Palestinian refugees and Jewish settlements in the territories will begin no later than at the start of the third year of the transition period.

DINITZ TO TAKE A LEAVE OF ABSENCE FROM AGENCY, BUT ONLY IF INDICTED

By Cynthia Mann

JERUSALEM, Sept. 1 (JTA) -- Simcha Dinitz will take a leave of absence as chairman of the Jewish Agency for Israel if the state attorney general indicts him on charges of embezzlement, according to an agreement reached this week.

Until then, he will remain in his post, though the time demands of his legal case are likely to reduce his daily duties.

The agreement, announced Wednesday, stipulates that Dinitz will voluntarily retire on Dec. 31, 1994 if legal proceedings that may be initiated against him are not concluded by then.

If Dinitz is exonerated before the end of 1994, however, he has the right to remain in office. But Dinitz said he plans to retire anyway, though he reserves the right to keep his options open.

Dinitz, a Labor Party politician and former ambassador to the United States, is accused of embezzling thousands of dollars through improper use of his Jewish Agency credit card.

The Israeli police concluded an investigation of those charges last week and reportedly recommended to the attorney general that he be indicted.

The agreement fulfilled a commitment made July 1 by the Jewish Agency Board of Governors to resolve the Dinitz affair by the end of August. It was reached only after intensive behind-the-scenes negotiations between Dinitz, Board of Governors Chairman Mendel Kaplan, founding Chairman Max Fisher and Prime Minister Yitzhak Rabin.

Announcing the agreement at a news conference Wednesday, Kaplan conceded that "if we had had a quicker resolution, it would have been better-received around the world."

But he added that Jewish Agency leaders "had to balance the rights of the individual with the integrity of the organization."

Several leaders of Diaspora fund-raising bodies had wanted Dinitz to take an immediate leave of absence. They claimed that the allegations against him, whether true or not, have tainted the Jewish Agency and damaged their fund-raising campaigns.

Reaction from them was muted Wednesday, with most choosing not to comment at this time.

No Decision On Replacement

Kaplan stressed that the decision not to remove Dinitz from his post immediately and to wait for action by the attorney general is in keeping with Israeli practice and custom.

In a letter Kaplan wrote announcing the decision, he explained that in Israel, "any such action taken before the decision of the attorney general to submit the case to court could be an admission of guilt and prejudice the rights of the chairman."

"The Jewish Agency is a body and organization in Israel," he said, pointedly, "which operates according to the laws and customs of the State of Israel."

"We cannot impose on Israel the customs and usage" of "other countries," he added.

The recommendation, which was accepted by an advisory group of leaders of the United Israel Appeal, Keren Hayesod and the World Zionist Organization, took into consideration a report on the allegations against Dinitz made by Judge

Abraham Gafni, a Jewish Agency leader from Philadelphia who was asked to look into the affair's impact on fund raising.

In the event Dinitz goes on leave, the resulting vacancy will be filled by the Board of Governors in consultation with the constituent organizations and the heads of the Israeli political parties.

"At that time, we will make a recommendation, but we have made no such decision," said Kaplan.

Kaplan acknowledged damage had been done to the Jewish Agency's reputation over the affair, though he became outraged when a reporter suggested it now had a corrupt image in the minds of Israelis.

He said a lot of harm had been done by inaccurate media reports and that the Jewish Agency was considering what he implied would be legal action in response.

He also criticized the Israeli system that compels the police to open a file based on a complaint, regardless of its source or legitimacy.

What the consequent investigation "does to an individual and organization is terrifying," he said.

Time For A 'Healing Process'

Kaplan denied that the serious strains over the affair meant that the Israel-Diaspora relationship was a "shaky" one. He pointed out that the differences of opinion were not neatly broken down along Israel-Diaspora lines, since many Diaspora Zionists backed Dinitz.

But in the internal letter of announcement, he characterized the affair as "the most difficult (of) problems we have ever encountered."

In New York, Seymour Reich, who as president of the American Zionist Movement has been one of Dinitz's loudest supporters, described Wednesday's decision as "a sad conclusion to a lamentable episode."

"It's time to move on and get it behind us, and for the Zionist community and the fund-raising community to engage in a healing process, so we can do what we're supposed to do, which is immigration and absorption in Israel," he said.

An opinion not all that different was given by a representative of the fund-raisers who has been a delegate to the Jewish Agency Assembly and spoke on condition of anonymity.

"I just think the whole thing is sad," he said. "That we got into this mess, that we didn't get out of it earlier, that it was allowed to drag on and hurt the credibility of both the person and the institution."

Kaplan said the Jewish Agency would have to contain the damage done and work to win back trust that may have eroded among Jewish community federations in North America.

To further that effort, Kaplan said, a live satellite hookup between Jewish Agency leaders and federations is planned for next week.

Meanwhile, Dinitz is now being investigated by the Israeli tax authorities after documents handed over by the police show a possible failure to properly report spending abroad.

(Contributing to this report was JTA staff writer Larry Yudelson in New York.)

The JTA Daily News Bulletin will not be published Monday, Sept. 6, because of the Labor Day holiday in the United States.

TO DISMAY OF HOLOCAUST SURVIVORS, JUSTICE DEPT. WILL NOT BAR DEMJANJUK

By Deborah Kalb

WASHINGTON, Sept. 1 (JTA) -- In a blow to Holocaust survivors and others supporting the prosecution of Nazi war criminals, the Justice Department has decided not to seek a Supreme Court ruling barring John Demjanjuk's possibly imminent return to the United States.

Attorney General Janet Reno announced Wednesday that the Justice Department would not ask the Supreme Court to overturn an appeals court decision ordering the U.S. government to allow Demjanjuk's return.

The decision not to appeal means that if the Israeli Supreme Court rules Thursday to set Demjanjuk free, he will be able to return here immediately.

It was the second setback this week for Jewish groups, who were already upset about the refusal Tuesday by the 6th U.S. Circuit Court of Appeals in Cincinnati to rehear the matter.

Jewish groups had been strongly urging the Justice Department to appeal the case to the Supreme Court.

Reno's announcement was short and offered no specifics on the reasoning behind the Justice Department's decision. She said she could not comment further because a related matter was still pending before the appeals court, where oral arguments in the case were slated to be heard Friday.

The Justice Department has said repeatedly that it opposes Demjanjuk's return to the United States on the grounds that he lied about his wartime activities when he entered the United States after the war and again when he applied for U.S. citizenship.

In her remarks Wednesday, Reno reiterated that position, and asserted that the Justice Department "will continue to do everything possible to uphold the court orders denaturalizing and deporting Mr. Demjanjuk."

The Ukrainian native, now 73, was stripped of his U.S. citizenship in 1981 for lying about his wartime past on his applications for a visa and U.S. citizenship.

He was extradited to Israel in 1986 and convicted there in 1988 of being the so-called "Ivan the Terrible" who brutalized Jews even as he sent them to the gas chambers, which he operated.

'We Owe It To The Victims'

Demjanjuk was acquitted July 29 by the Israeli Supreme Court of being the sadistic "Ivan" because of an inability to prove beyond a reasonable doubt that he was that man.

But the court, in its decision, said it found compelling evidence that Demjanjuk was a guard at the Sobibor death camp and at the Flossenburg and Regensburg concentration camps.

Members of Congress who have led the fight to keep Demjanjuk out of the United States expressed their disappointment Wednesday with the Justice Department's decision.

"I am very disturbed by today's decision not to appeal this case to the Supreme Court. I am outraged that this former Nazi will be allowed back onto United States soil," Rep. Nita Lowey (D-N.Y.) said in a statement.

And Rep. Charles Schumer (D-N.Y.) said in a statement that it was "a mistake to capitulate to an out-of-control 6th Circuit Court of Appeals,

which seems to be on a misguided crusade to let a Nazi war criminal back onto U.S. soil."

Representatives of Jewish organizations and Holocaust survivors groups were also expressing dissatisfaction with the latest turn of events.

"We owe it to the memory of the victims of the Holocaust to continue to seek to prevent by every legal means Demjanjuk's return to this country," said Elan Steinberg, executive director of the World Jewish Congress.

Steinberg said his organization was making a last-ditch effort with the Israeli Supreme Court to keep Demjanjuk incarcerated in Israel.

Rabbi Marvin Hier, the dean of the Simon Wiesenthal Center in Los Angeles, said that the center was urging all its members to send telegrams to the White House "to tell the president that the Justice Department should stand with the victims of the Shoah and vigorously continue the case against Demjanjuk."

Abraham Foxman, national director of the Anti-Defamation League, said his group was trying to see if there were any other legal remedies available to block Demjanjuk's return.

"And failing that, we will set into motion as quickly as possible all legal means to have him deported as he was in the past," Foxman said.

Benjamin Meed, founder and president of the American Gathering/Federation of Jewish Holocaust Survivors, said he felt "ashamed and dismayed" that the United States would let Demjanjuk return.

And Rabbi Avi Weiss, founder and leader of a group called Coalition of Jewish Concerns-AMCHA, said he hoped the Israeli Supreme Court would bring Demjanjuk up on other charges.

Failing that, he said, "we intend to shadow him wherever he goes."

Meanwhile, Demjanjuk's family members were reportedly saying that the former autoworker would not return to his suburban Cleveland home because of death threats against him.

JEWISH CEMETERY DEFACED IN HOLLAND

By Henriette Boas

AMSTERDAM, Sept. 1 (JTA) -- Twenty-five tombstones at an old Sephardic cemetery in the southwest Dutch province of Zeeland were defaced with swastikas and Nazi slogans last week.

A group calling itself the Nazi Front Zeeland took responsibility for the vandalism, which police announced only after the damage had been cleaned up.

No perpetrators have yet been found.

Three times last week, the Nazi Front Zeeland telephoned threats to bomb a center for asylum-seekers in Middelburg. In all cases the threats proved false.

The Sephardic cemetery in Middelburg, the provincial capital of Zeeland, was in use only between 1656 and 1721, when the last Sephardim left Middelburg and the Jewish community there became only Ashkenazic.

Sephardim had come to Middelburg from neighboring Antwerp, Belgium, and from Brazil. Many Sephardic Jews, who originally came from Portugal, fled Brazil when the Netherlands gave up that country to Portugal in 1654 and some of those went to Holland.

Among those buried at the Middelburg Sephardic cemetery is Samuel, the young son of Marrano scholar Manasseh ben Israel, who died in Middelburg when returning with his father from a mission to England.