

**NEWS AT A GLANCE**

- **U.S. Secretary of State Warren Christopher continued his shuttle mission aimed at reaching a cease-fire in Lebanon.** He was expected back in Jerusalem after meeting with Syrian President Hafez Assad.
- **Prime Minister Shimon Peres told a special Knesset session that he had put no time limit on Israel's 12-day-old offensive in Lebanon.** As the fighting continued, Israeli fighter jets hit Beirut bases of a radical Palestinian group that the Israel Defense Force said has links to Hezbollah.
- **The U.N. General Assembly is scheduled to hold what Israeli officials anticipate will be a "counterproductive" session on the conflict in Lebanon.** The meeting is expected to produce a resolution that will be highly critical of Israel.
- **Nation of Islam leader Louis Farrakhan said he thinks that his father's ancestors may have been Portuguese Jews.** In an interview with *The New Yorker* magazine, he praised Jewish wisdom and warned against Jewish "evils."
- **The Senate Banking Committee will open hearings today to investigate Swiss accounts that date back to World War II and contain Jewish assets.**
- **Palestinian leader Yasser Arafat opened the Palestine National Council's meeting in Gaza, urging members to amend those portions of its charter that call for the destruction of Israel.** [Page 2]
- **Abul Abbas, the Palestinian who masterminded the 1985 Achille Lauro hijacking and a 1979 terrorist attack on an Israeli family in Nahariya, said he was sorry for the past.** [Page 2]
- **McDonnell Douglas reportedly signed \$400 million in deals with Israeli defense contractors.** [Page 4]
- **Israeli officials said Iran was responsible for the fate of missing airman Ron Arad, after a group calling itself the Oppressed of the Earth threatened to kill Arad unless Israel stopped its activities in Lebanon.** [Page 3]

**NEWS ANALYSIS****Israeli Arab support for Peres shaken by conflict in Lebanon***By Gil Sedan*

BAKA EL-GHARBIYA, Israel (JTA) — A man stood near a group of Israeli Arabs, holding his 3-year-old son in his arms, waiting for his turn to speak.

"What you have done in Lebanon is worse than what the Nazis did," he told a visitor to this Arab town in the heart of Israel.

Salah Harzallah, the regional coordinator of the Communist-inspired Hadash Party, an Israeli Arab grouping also known as the Democratic Front for Peace and Equality, repeated himself to emphasize the point.

"Yes, it is time that we say it loud and clear," he said. "They are worse than the Nazis."

Abdullah Abu-Moh, an elderly man in the group, disagreed.

"This is exaggerated," he said. "Nothing can be compared to Nazi crimes, certainly not Premier Shimon Peres. But, then again, they haven't done away with the Hezbollah, have they?"

Just how many Arab residents in Israel felt that the wartime crimes of the Nazis were comparable to the Israeli shelling last week of a U.N. base in southern Lebanon that killed at least 75 Lebanese refugees was unclear.

But there is no doubt that Israeli Arab support for the ruling Labor Party was shaken by the recent events in Lebanon. This could have a profound impact on the race for prime minister.

"Many Arabs believe that Peres should be punished," said Meretz activist Najib Abu-Rakia. "He cannot take our support for granted. Many of us believe that he can regain our support only once we see him again protesting Israeli violence, at Rabin Square in Tel Aviv — as head of the opposition."

The group, which had gathered here to share views, had feelings of genuine sadness over the unnecessary loss of life in Lebanon and frustration over the impotence of Israel's Arabs to influence the course of events in Lebanon.

"The mourning is in the heart, even if there are no black flags on top of the buildings," said Jalal Abu-Tuameh, mayor of Baka el-Gharbiya.

For Israeli Arab parties competing in the Jewish state's May 29 national elections, the recent events in Lebanon, where Israel's military is seeking to put an end to Hezbollah rocket attacks on northern Israel, provided added ammunition for their efforts to expand their parliamentary representation.

Some 440,000 registered Israeli Arab voters have the potential to elect 14 members of Knesset. Only five seats in the current Knesset are held by Arab parties — Hadash and the Arab Democratic Party.

Hadash, which recently forged a partnership with the National Democratic Coalition, adopted a militant approach, terming last week's shelling of the U.N. base the "Sabra and Shatila of the Peres government," a reference to the massacre by Christian militias of Palestinians in Beirut refugee camps during the 1982 war in Lebanon.

The National Democratic Coalition branded Peres a "war criminal" and demanded that he be brought before the international tribunal in The Hague.

A day after the shelling of the U.N. base, a committee of Israeli Arab political leaders, including Knesset members and mayors, decided not to meet with Peres until the conflict on the Israeli-Lebanese border ended.

**Resentments boil over**

At their meeting last Friday, they also declared a general strike and two days of mourning by Israel's Arab community.

On Saturday, when the strike took place, resentments against the Peres government boiled over, particularly in Nazareth, where Arab youths clashed with Israeli police, resulting in several arrests.

The growing resentments made it entirely possible that the support of Israel's Arabs for the Peres government was about to vanish into the smoke-filled air of southern Lebanon.

Hadash and the Arab Democratic Party attacked the Labor-Meretz

government, warning Peres that Israel's Arabs were not in his pocket.

The National Democratic Coalition went a step further, urging its supporters to boycott the voting for prime minister, though it was perfectly clear that this could mean a victory for Likud candidate Benjamin Netanyahu.

Until recently, it was assumed that the Zionist parties, notably Labor and Meretz, would absorb about half the Arab votes and that virtually all the Arab voters would support Peres for the premiership.

Abu-Rakia of Meretz estimated that on election day, 25 percent of Arab voters would cast a blank ballot for the premier. Asked whether he would boycott the voting for prime minister, Abu-Rakia hesitated for a moment, then said: "I don't know, I am confused."

Even if the Arab parties can draw votes away from Labor and Meretz in the voting for the Knesset, which takes place separately from the ballot for prime minister, they still have a formidable barrier to overcome to achieve the goal of expanding their own Knesset representation.

With several Arab parties contending in the Knesset balloting, there are just too many for any one to win a significant number of parliamentary seats.

Some of the Arab parties recently carried out political mergers in an effort to strengthen their chances at the polls.

In addition to the Hadash-National Democratic Coalition alliance, Knesset member Abdel Wahab Darawshe's Arab Democratic Party merged with the Islamic Movement to form the United Arab Party. Darawshe even agreed to give up his seniority in the list for lawyer Abdul Malek Dahamshe of the Islamic Movement.

Dr. Ahmed Tibi, who has long served as Palestinian leader Yasser Arafat's Israeli adviser, is running at the head of his own party, the Arab Movement for Change.

An even smaller party is the Progressive Alliance, which is run by Mohammad Zeidan of the Arab village of Kafr Manda in the Galilee.

There are hardly any ideological distinctions among the various parties: All stress equal rights for Israel's Arab citizens, along with the demand for the establishment of an independent Palestinian state alongside Israel.

Wadie Abu-Nassar, a political scientist at Tel Aviv University, believes that despite current resentments, 40 percent of Israeli Arabs will nonetheless vote for the Labor Party in the Knesset balloting and that at least 80 percent will support Peres for the premiership.

If they do not, there is a good chance that Netanyahu and the Likud will win come May 29 — all very much thanks to the Israeli Arab vote. □

### **Palestinian security foil Hamas plot to kill Arafat**

*By Naomi Segal*

JERUSALEM (JTA) — As Palestinian security continued to pursue a Hamas activist who allegedly plotted to kill Palestinian leader Yasser Arafat, Jordan denied that it was harboring the fugitive.

Jordanian Information Minister Marwan Muashar said in Amman that the accused man, identified as Ziad Qishawi, was not in Jordan and that the state registrar had no record of him.

The assassination plot came to light as Arafat asked the Palestine National Council to amend those portions of its charter that call for the destruction of Israel.

The Interim Agreement signed in September in Washington calls for a change in the charter. Arafat has promised Israel on more than one occasion that the charter would be amended.

"I call upon your council to amend all the articles in the national charter which contradict the 'peace of the brave' that we signed" with Israel, Arafat said Monday in front of the council's opening session in the Gaza Strip.

Earlier this week, Palestinian police announced that they had uncovered a plot by Hamas fundamentalists to assassinate Arafat when he made a scheduled visit to a Gaza Strip cemetery April 28.

Col. Tawfiq Jaber, who heads Palestinian intelligence in Gaza, said two parcels of explosives and two mines had been prepared for the attack.

Palestinian secret service officials said the militants had been hiding in a central Gaza neighborhood.

Jaber presented six of seven Hamas members who had been arrested in connection with the plot. One of the men, identified only as Motaz, said he was asked three months ago by Qishawi to carry out the assassination.

The group said they had turned themselves in to Palestinian officials after rejecting the assassination plot.

In Amman, Hamas spokesman Ibrahim Ghosheh denied any knowledge of the alleged plotter.

He charged the Palestinian Authority with trying to divert attention from this week's PNC meeting in Gaza.

Ghosheh said the goal of the meeting was "to alter clauses in the national charter that stipulate the rights of the Palestinian people on their national soil." □

### **Palestinian who plotted attack on Achille Lauro arrives in Gaza**

*By Naomi Segal*

JERUSALEM (JTA) — Seventeen years after Palestinian terrorists broke into her Nahariya home and murdered her family, Smadar Haran dismissed an apology offered this week by the Palestinian who masterminded the attack.

At the same time, Haran said she did not oppose Abul Abbas' entry into the Gaza Strip to attend a meeting of the Palestine National Council.

She said she hopes that his presence at the meeting would serve the interests of peace.

"Being sorry won't bring back the people who died," Haran told Israel Radio. "But if he's sorry, I want to see him signing the new manifesto" that would revoke those portions of the PNC's charter calling for Israel's destruction.

Abbas, whose real name is Mohammed Abbas, entered Gaza on Monday via the Rafah Crossing from Egypt to attend the PNC meeting. He was one of several terrorists allowed by Israel to return from exile to the territories to participate in the PNC session.

Abbas, who heads the Palestine Liberation Front, has been in hiding since an Italian court convicted him in absentia to life imprisonment for masterminding the 1985 hijacking of the Achille Lauro cruise ship.

During the three-day hijacking, Palestinian terrorists shot Leon Klinghoffer, a wheelchair-bound American Jew, and threw his body overboard.

Abbas, who was a member of the Palestine Liberation Organization's Executive Committee at the time of the hijacking, proved to be an embarrassment to his mentor, PLO leader Yasser Arafat, who has disassociated himself from the Achille Lauro incident.

In interviews Monday, Abbas said he was sorry about the Achille Lauro hijacking, which he described as "a mistake."

"There were no orders to kill civilians," he added.

He also said it was time to forget the past.

"We are in a new stage, the era of peace, and we should all, Israelis and Palestinians, start a new chapter," Abbas told reporters. □

**Israel observes Memorial Day  
in shadow of Lebanon conflict***By Naomi Segal*

JERUSALEM (JTA) — Israelis stood for a minute in silence Monday night as sirens wailed across the country, officially ushering in the country's annual Memorial Day for fallen soldiers.

President Ezer Weizman was among the Israeli officials who attended the main commemorative ceremony, held at the Western Wall in Jerusalem's Old City.

Recalling the 18,211 soldiers who died in the line of duty since Israel's 1948 War of Independence, and the more than 1,000 who died before that, Weizman said, "There are still those among our neighbors who have not yet come to realize that the Jewish state is here to stay."

The names of the fallen soldiers were broadcast on Israeli television.

This year's commemorations took place against the background of ongoing fighting across the Israeli-Lebanese border.

"More than ever, we realize how much we owe our own lives to those that protect us," the Israel Defense Force chief of staff, Lt. Gen. Amnon Shahak, said at the ceremony.

The commemorations were to continue through Tuesday evening, when a torchlighting ceremony would signal the end of Memorial Day and the beginning of Israel's 48th Day of Independence.

Memorial ceremonies were scheduled to take place in military cemeteries nationwide, with the exception of Kiryat Shmona, where continued Hezbollah rocket assaults led officials to decide to hold local memorial ceremonies in bomb shelters. □

**Iran responsible for safety  
of missing airman, says Israel***By Naomi Segal*

JERUSALEM (JTA) — Senior Israeli security officials said this week that Iran was responsible for the safety of missing Israeli airman Ron Arad.

The statements came after an Islamic terrorist group threatened to kill Arad if Israel did not stop its bombing campaign in Lebanon.

A telephone caller claimed last Friday that the Organization for the Oppressed of the Earth would kill Arad in 48 hours to avenge the Israeli shelling a day earlier of a U.N. base in southern Lebanon that resulted in the deaths of at least 75 Lebanese refugees.

The caller also said the group would film and distribute Arad's execution — as it did when it kidnapped and executed U.S. Marine Lt. Col. William Higgins in 1989, saying that he was spying for Israel.

Arad's fighter plane was shot down over Lebanon in 1986. Israel officials have repeatedly maintained that Iran is holding him.

In response to the report, Israeli Deputy Defense Minister Ori Orr called the Oppressed of the Earth "a cover for Hezbollah." He also said, "This could be psychological warfare."

Orr added that "this is the first announcement in a long time" that any group admitted to holding Arad.

Western intelligence officials have reportedly linked the Organization for the Oppressed of the Earth to Hezbollah, saying that it is one of several militant groups that follow Hezbollah's orders.

Israeli security sources said they were investigating the caller's claim.

American officials said Saturday that the call was a hoax.

But the U.S. Embassy in Tel Aviv issued an advisory to American citizens traveling in Israel to exercise caution. The advisory did not suggest that Americans should cancel their visits to Israel.

Islamic militants reacted to the April 18 shelling of the U.N. base by issuing calls for their followers to attack American and Israeli targets in the Middle East and elsewhere in the world.

"We cannot discount the possibility of random acts of anti-American violence," a U.S. official said. □

**Israel Bonds mission finds  
peace yields bustling economy***By Michele Chabin*

JERUSALEM (JTA) — Saying that the Middle East peace process is stalled, but not dead, Prime Minister Shimon Peres pointed to the burgeoning Israeli economy as one of several hopeful signs for the region's future.

Despite the current conflict in Lebanon, Peres remained hopeful when he addressed more than 700 supporters of Israel Bonds who arrived in Israel last week to take part in the organization's Jerusalem 3,000 International Delegation.

"I do believe there will be a new Middle East," Peres said. "We are now in a transitional period, facing all the dangers and paying all the costs for having a different Middle East — a Middle East of peace."

The Israel Bonds mission, which was organized to underscore the organization's continuing commitment to the development of Israel in general and of Jerusalem in particular, took on an added dimension as Israel's conflict in southern Lebanon with Hezbollah militants intensified during the group's visit.

David Hermelin, international chairman of Israel Bonds, said there had been a "few" cancellations due to the latest series of events. But he added, "We're very proud to be here to show our solidarity and unity with our Israeli brothers and sisters during this very difficult time."

Jerusalem Mayor Ehud Olmert, who addressed the group during a dinner honoring 25 families that contributed to Israeli life and institutions, said, "The fact that you all came at this time is as important as anything else you do for the State of Israel and Israel Bonds."

Peres, the keynote speaker at the awards dinner, said there is reason for optimism. "In spite of initial doubts, the Palestinian Authority is engaged in ending terrorism. It is sealing mosques, arresting activists, searching for arms, even killing some dangerous terrorists."

The peace process, he added, is "not complete or perfect, but it is revolutionary in nature."

On the diplomatic front, Peres pointed to his recent visit to the Persian Gulf nations of Oman and Qatar, where he recalled seeing "military bands playing 'Hatikvah' and the Israeli flag waving." He added, "This was in my eyes a new Middle East."

Equally important, Peres said, was that "Israel's economy has changed dramatically" as a result of the new political climate. "Once important companies in the U.S. and Europe learned that Israel is leading the peace process, a great deal of investment has come in."

"The country's GNP has almost doubled in the past four years and personal income has jumped from \$11,000 to \$16,500," the prime minister said.

The members of the Israel Bonds mission will seek to convey Peres' optimistic message upon their return home, Hermelin said. "We will be telling Jews that they should be here, especially this year, to demonstrate our solidarity and unity with Israel and the city of Jerusalem. Israel has made tremendous steps toward peace, and this should be reflected in tourism," Hermelin said. □

**German authorities warn of potential terror attacks***By Daniel Dagan*

BONN (JTA) — Germany's two main intelligence agencies have issued warnings of possible attacks by Hezbollah militants operating in the country.

German authorities believe that Iranian and Hezbollah activists are planning a bombing campaign against Israeli, American and possibly German targets.

As a result of recent threats by Hezbollah, security was beefed up at the Israeli Embassy in Bonn.

The Munich-based Counter-Espionage Service and the Cologne-based Internal Security Service issued the warnings Monday, saying that they came as the result of an investigation into a cache of explosives found last month on an Iranian ship in Antwerp, Belgium.

The explosives included highly sophisticated mortars that could penetrate bullet-proof glass from a distance of more than 100 feet.

Luggage containing the explosives was addressed to an Iranian living in Munich.

The Iranian and two others who were arrested aboard the ship have been deported to Iran.

In a related development, the German news magazine Focus reported last week that activists with the Islamic fundamentalist Hamas movement are operating in Berlin and Aachen, which is located on Germany's border with Belgium. □

**Neo-Nazis clash with police***By Daniel Dagan*

BONN (JTA) — In what has become an annual tradition, several neo-Nazi groups in Germany clashed with police this week as they celebrated Adolf Hitler's birthday.

Neo-Nazis marched Sunday in two small towns in the central German state of Thuringia, where they shouted "Heil Hitler" and "Sieg Heil."

Some 15 demonstrators, many of them drunk, were placed under arrest.

Similar demonstrations took place Sunday in the northeastern state of Brandenburg. □

**Cyprus denies Israel use of airspace***By Naomi Segal*

JERUSALEM (JTA) — Cyprus has refused to grant Israeli pilots permission to train in its airspace because a military airbase is being built near the airport Israel wanted to use.

The refusal comes against the background of an agreement between Israel and Turkey allowing Israeli pilots to use Turkish airspace to fly training missions.

A Cypriot official said this week that three Israeli requests to use Paphos Airport in 1996 were turned down.

Last year, pilots from the Jewish state used the facilities twice.

A Cypriot government spokesman said the three Israeli applications were turned down because work had begun on an airbase.

The airbase will be located near the small civilian Paphos Airport on the western coast, as part of a 1993 defense accord with Greece.

Under the accord, Greece will provide air and naval support for Cyprus in the event of renewed hostilities with Turkey.

Turkey has occupied the northern third of the island since 1974.

Cyprus is meanwhile seeking clarifications from Israel regarding its agreement with Turkey. □

**U.S. defense firm in deal with Israel***By Naomi Segal*

JERUSALEM (JTA) — McDonnell Douglas Corp. has reportedly signed deals worth \$400 million with Israeli defense contractors.

The vice president of business development for the St. Louis-based aerospace firm said the company is looking for long-term partnerships with defense contractors, instead of just purchasing Israeli products.

Three years ago, McDonnell Douglas pledged to purchase \$780 million in Israeli goods to help offset the cost of its \$2 billion sale of F-15I jets to the Israel Defense Force. □

**El Al reaps profits of \$15 million**

JERUSALEM (JTA) — El Al Israel Airlines has reported a net profit of \$15 million for fiscal year 1995, the company's 10th consecutive profitable year.

El Al revenues totaled more than \$1.2 billion for the year, a 17.5 percent increase over 1994.

The airline's number of passengers reached 2.93 million, an 18 percent increase over the previous year.

In February 1995, El Al ended a 12-year period of temporary receivership and began to operate under a new board of directors. □

**Bank of Israel to raise interest rates***By Naomi Segal*

JERUSALEM (JTA) — The Bank of Israel said it plans to raise interest rates by 0.8 percent in May in an effort to keep down inflation.

The decision to raise rates followed a 1 percent increase in the March cost-of-living index — a relatively high increase that fueled concerns that inflation in 1996 would exceed last year's 9 percent.

The central bank has kept interest rates high and the Israeli shekel at about three to the dollar for more than two years as part of its ongoing campaign to fight inflation. The moves have drawn criticism from industrialists, who say the policies caused Israel's high trade deficit, which reached \$2.9 billion in the first three months of 1996.

In other news, the Tel Aviv Stock Exchange has opened a World Wide Web site to improve relations with foreign investors. The site posts daily trade figures, explanations of trading method explanations and a brief review of the exchange's history.

The address is: <http://www.tase.co.il>. □

**Hope of finding lost sub dashed***By Naomi Segal*

JERUSALEM (JTA) — Sonar photographs believed to be that of a long-missing submarine are nothing more than shadows of large rocks, Israel's navy commander said this week.

Last week, the navy carried out searches off the coast of the Sinai Peninsula, the area where the photos were taken, after relatives of the submarine's crew asked the navy to verify a claim made by a private company that it had found the sub.

The Dakar submarine disappeared 18 years ago with 69 crew members on board as it was traveling from Great Britain to Israel. The navy has since carried out periodic, but fruitless, searches for the Dakar.

Earlier this month, a private company, Oceania, disclosed sonar photos of what it claimed was the sub.

Officials at Oceania would neither confirm nor reject the navy's conclusions about the photographs. □