



NEWS AT A GLANCE

NEWS ANALYSIS

Albright may need magic wand to break peace process impasse

By David Landau

JERUSALEM (JTA) — A sense of trepidation is palpable here in advance of U.S. Secretary of State Madeleine Albright's arrival.

Albright's scheduled visit to the region next week, her first since becoming America's top diplomat, is widely viewed as crucial to reviving the moribund Israeli-Palestinian peace process.

Few want to imagine what may happen in the region if she fails to advance the process.

But given the wide gaps separating the Israelis and Palestinians, few believe that she will indeed achieve any meaningful progress.

In addition, while Israeli officials are publicly welcoming Albright's impending visit, they are keenly aware that the visit may dramatically underscore major differences between the Clinton administration and the Netanyahu government.

American officials, meanwhile, are downplaying expectations of what Albright may accomplish.

"The peace process is in trouble," U.S. State Department spokesman James Rubin said last Friday. Albright is a "realist and not a magician. She has realistic expectations about what can be achieved."

In fact, given the distrust and demands emanating from the two sides, many believe that Albright needs to come equipped with a magic wand.

In advance of her trip, Israeli and Palestinian officials were scheduled to lay out their positions during separate meetings this week in Washington with their American counterparts.

Chief Palestinian negotiator Saeb Erekat said last Friday that Palestinian Authority officials would call on the United States to press Israel to stop construction projects on disputed land and to stop confiscating Palestinian land and demolishing Arab homes that were allegedly built without the proper permits.

These are familiar demands.

Equally familiar is the stance of Prime Minister Benjamin Netanyahu, who reiterated this week that there would be no Israeli concessions unless Palestinian Authority Chairman Yasser Arafat first cracked down on terrorism.

Netanyahu has been making the demand since July 30 when two suicide bombers detonated explosions in Jerusalem's Mahane Yehuda open-air market.

Over the weekend, a 15th Israeli — 73-year-old Ilya Gazrach — died from injuries sustained in that attack.

Israel refuses to redeploy troops

In another demand, Netanyahu spokesman David Bar-Illan said in an interview this week that Palestinians must abrogate those sections of their national covenant that call for the destruction of Israel — something that Arafat, and the previous Labor government, maintains was accomplished in April 1996.

Israel has made it clear there will be no further redeployment of its forces from rural areas of the West Bank this weekend.

This is likely to lead to further distrust between the two sides.

According to the timetable set forth in the Hebron Agreement, which was signed in January, Israel was to carry out another second-phase redeployment during the first week of September.

Arafat has been calling for a substantial redeployment this time to make up for what he described as the meager 2 percent of the West Bank that Israel offered — and the Palestinian Authority refused to accept — in the first such redeployment six months ago.

That pullback was never implemented.

The Israeli leadership's tough postures deliberately focus on the twin issues of terror and security in order to take the focus away from the give-and-take of further negotiations.

They are also designed to defend the Netanyahu government's positions from what some fear may develop into a concentrated assault by

■ **Israel eased its closure of the West Bank and Gaza Strip.** The move, allowing 6,000 workers from the territories to enter Israel, comes a week before U.S. Secretary of State Madeleine Albright is scheduled to make her first trip to the region as America's top diplomat. [Page 1]

■ **A firebomb seriously damaged a Reform movement nursery school in Mevasseret Zion, a suburb of Jerusalem.** [Page 3]

■ **A commission of inquiry is investigating the deaths of four Israeli soldiers last week in a brush fire in southern Lebanon.** The commission is investigating, among other things, why the troops did not immediately evacuate when they became aware of the fire. [Page 2]

■ **A 73-year-old man died of injuries from July's double suicide bombing in a Jerusalem market.** The death of Ilya Gazrach brings the total number of Israeli deaths in the attack to 15.

■ **Israeli Prime Minister Benjamin Netanyahu called on Egyptian President Hosni Mubarak to release Azam Azam, an Israeli Druse convicted of spying for the Jewish state.** Azam was sentenced by a Cairo court to 15 years in prison with hard labor. [Page 4]

■ **U.S. Secretary of State Madeleine Albright made an unannounced visit to the area in the Czech Republic near her parents' birthplace.** Her family fled Czechoslovakia in 1938 as the Nazis began to take parts of the country and then again after the Communists seized power in 1948. Albright said she was surprised when it was reported in The Washington Post earlier this year that her grandparents were Jewish.

■ **A former senior Israel Defense Force officer joined the Labor Party ranks.** Reserve Maj.-Gen. Oren Shahor officially joined the party at a news conference with Labor head Ehud Barak, himself a former army chief of staff. Likud officials criticized the short period of time between Shahor's retirement and his entry into politics. Shahor left the army a little more than a month ago.

Albright. There are indications from Washington that the Clinton administration, having finally resolved to cast the secretary of state into the fray, is determined to put forward proposals that will call for a limitation on Israeli construction activities as well as a Palestinian crackdown on terror.

The American proposal regarding Israeli construction has the potential to create tension between Jerusalem and Washington.

Netanyahu has said repeatedly that the delicate fabric of his conservative-religious coalition could not survive a decision to cease construction activity.

Beyond this, Netanyahu is personally and ideologically reluctant to halt construction — particularly of the Har Homa project in southeastern Jerusalem. Palestinians suspended peace negotiations after groundbreaking for the project began in March.

According to the Israeli daily Ha'aretz, the United States is reworking a plan that it initially proposed prior to the July 30 twin suicide attack.

This would restrict Israeli construction activity to already-existing settlements.

Leaders of the West Bank settlement movement warned Sunday that if Netanyahu agrees to even a temporary halt, he will lose their support — and ultimately his office.

Netanyahu's aides were said to be preparing a counter-offer of their own: a suspension of work at Har Homa during the High Holidays, during which the Palestinian Authority would vigorously fight terror.

In one apparently positive development for the peace process, Israel announced Monday that it was partially easing the closure that it imposed on the West Bank and Gaza Strip immediately after the Mahane Yehuda attack.

Beginning Monday, Israel was allowing 4,000 Palestinian workers from the West Bank and 2,000 from Gaza to enter the Jewish state provided they are married and older than 35, the Foreign Ministry announced.

In addition, Israel will allow 2,000 merchants, 250 teachers and 200 employees of the Palestinian Authority to enter the Jewish state.

The Palestinian Authority, which said the closure amounted to collective punishment, said the step taken this week by Israel was not enough.

'Putting cosmetics on a truly ugly face'

"To give passage to a few people is like putting cosmetics on a truly ugly face," said Palestinian Information Minister Yasser Abed Rabbo.

Confronted with a peace process in tatters, Albright is not planning to engage in the kind of shuttle diplomacy that Middle East envoy Dennis Ross engaged in last month — with little to show for his efforts.

Indeed, to prevent the spotlight from falling on the Israeli-Palestinian crisis, Albright is also planning to visit Syria, Jordan, Egypt and Saudi Arabia.

Her visit to Damascus is considered crucial to bringing an end to the recent escalation of violence in southern Lebanon, where Syria has thousands of troops and maintains a strong influence on the anti-Israel activities of Shi'ite Hezbollah militants.

Past experience has shown that Damascus gives the green light to Hezbollah attacks on Israeli troops — a reminder that regional peace cannot be achieved without Syrian President Hafez Assad.

But Netanyahu, interviewed Monday by Israel Radio, seemed as anxious to keep expectations low regarding Syria as he was regarding the Israeli-Palestinian track.

"We are ready to resume negotiations. But they want to start from the end point," he said of Syria's

demand that talks resume where they were left off with the previous Labor government.

Netanyahu has often stated that the negotiations, which were suspended in March 1996, should resume with no preconditions.

Israeli journalist Ze'ev Schiff disclosed last week that the late Prime Minister Yitzhak Rabin told former U.S. Secretary of State Warren Christopher that he would be willing to contemplate a withdrawal from the Golan Heights to the Israeli-Syrian border that existed prior to the 1967 Six-Day War if Damascus agreed to a full normalization of ties with Israel.

That revelation has given additional strength to the Syrian position on the eve of the secretary of state's first visit to the region as America's top diplomat.

But if Assad was serious about what he once described as his "strategic decision" to reach a peace agreement with Israel, it remains unclear why he was unable to strike a bargain with the previous Labor government.

He would certainly have had more of a chance to reach an agreement with the Rabin government than with Netanyahu, who has repeatedly expressed his unwillingness to return the Golan.

Given the current circumstances, it appears clear that Albright will have as little success on the Israeli-Syrian track as Christopher, who made more than 20 trips to Damascus during his tenure. □

Israeli commission looking into deaths of 4 soldiers in Lebanon

By Naomi Segal

JERUSALEM (JTA) — A commission has been established to investigate the circumstances surrounding the deaths of four Israeli soldiers last week in the southern Lebanon security zone.

The soldiers were killed when they were trapped in a brush fire following an Aug. 28 battle with members of the Shi'ite Amal movement. Six other Israeli soldiers were injured.

The four, who were buried over the weekend, were: Sgt. Oshri Schwartz, 19, of Or Akiva; Staff Sgt. Oren Zarif, 21, of Herzliya; Sgt. Shimon Yidag, 21, from Sderot; and Sgt. Ro'i Shukrun, 20, of Jerusalem.

According to an initial inquiry, members of the Israel Defense Force's prestigious Golani Brigade spotted a unit of Amal fighters and opened fire, killing four. A fifth got away.

No IDF troops were hurt, but the unit stayed in place as fighting continued in the area.

IDF units were called in to give support, bombarding the area with mortar and artillery fire, which started a small brush fire.

High winds quickly spread the blaze, which eventually encircled the IDF soldiers.

The commission is investigating, among other things, why the troops did not immediately evacuate when they became aware of the fire.

One of the surviving members of the Golani unit said that at one point, when the fire continued to near, the commander of the unit radioed for permission to leave the area, but was told to remain there until the fifth Amal gunman was killed. When the fire was only dozens of yards from the soldiers, the unit commander finally decided to give the order to evacuate.

By that time, the blaze had spread to the point where it prevented some of the soldiers from escaping.

The initial inquiry found that the deaths were caused by a natural catastrophe, not by any flaw in leadership or in the functioning of the troops. □

German initiative may renew European relations with Iran

By Deidre Berger

FRANKFURT (JTA) — Germany has announced that it wants to re-establish ties with Iran.

The announcement came as Russia categorically denied media reports in Israel that it is helping Iran develop ballistic missiles.

Statements by top German officials came in response to an offer last week by Iranian Foreign Minister Kamal Kharrazi to reopen contacts with the European Union.

Chancellor Helmut Kohl told reporters that the changes going on in Tehran could not be ignored. "We should deal more openly with the apparently more liberal new government" in Iran, he said, referring to the new, relatively moderate Iranian Cabinet that was sworn in last month.

In May, Mohammed Khatami, who is considered more of a moderate than his predecessors, won a landslide victory in Iran's presidential elections.

He ran on a platform of increased domestic liberalization, but it is unknown whether he would change the country's hostile policies toward its enemies for nearly two decades, the United States and Israel.

German Foreign Minister Klaus Kinkel has suggested a meeting between Iranian and E.U. officials this month when the U.N. General Assembly convenes in New York.

Israel, U.S. criticize 'critical dialogue'

All E.U. members states except Greece recalled their ambassadors from Tehran in March after a German court ruled that Iran had ordered the 1992 killings of Iranian dissidents in Berlin.

Tens of thousands of Iranians took to the streets of Tehran at the time to protest the German court ruling, which demonstrators called "an Israeli-American plot."

Israeli and U.S. officials have repeatedly criticized the E.U. policy of a "critical dialogue" with Iran, arguing that a country involved in terrorist activities should be diplomatically isolated.

European officials, however, maintain that an open dialogue can be an effective policy tool with Iran. Germany and other European countries have also seen economic benefits from their continued trade with the Islamic republic.

In Russia, meanwhile, officials are denying that they are providing Iran with sophisticated military technology. Israel Television last week alleged that Russia is helping Iran develop guidance and delivery systems for long-distance missiles and has provided the Islamic fundamentalist state with the know-how to make missile warheads.

Israeli Prime Minister Benjamin Netanyahu sent a strong letter of protest to Russian Foreign Minister Yevgeny Primakov over the missile aid, the television report said.

U.S. State Department spokesman James Rubin said last week that the U.S. government was taking the reports of Russian aid for Iranian missile programs "very seriously."

A Russian Foreign Ministry spokesman countered that an official investigation had found the reports to be false.

Russian military contracts with Iran are thought to be worth as much as \$1 billion.

The Russian government has told the United States that it will carry out all its existing contractual obligations before 1999, after which it will not sign any new contracts.

In April, Russia and Iran signed an agreement on export controls that the Russian Foreign Ministry described as "confirmation that both nations are committed to the norms of the non-proliferation of weapons of mass destruction and their means of delivery." □

(JTA correspondent Lev Krichevsky in Moscow contributed to this report.)

Arab American group objects to Days Inn in Gaza settlement

By Daniel Kurtzman

WASHINGTON (JTA) — The largest Arab American lobby group is urging a boycott of the Days Inn hotel chain to protest the opening of a resort hotel in an Israeli settlement.

The American-Arab Anti-Discrimination Committee has expressed "grave concern" about the location of a Days Inn franchise in Gush Katif in the Gaza Strip.

The heavily fortified settlement bloc, which is the largest part of Gaza still under Israeli control, has been a source of tension between Israelis and Palestinians.

"Your decision to build a hotel on an illegal Israeli settlement on occupied land makes you a participant in the violation of international law and supports the existence of settlements, which continue to pose a threat to peace in the region," Hala Maksoud, president of the ADC, wrote in a letter to Joseph Kane, president of Days Inn.

The hotel, called the Gush Katif Days Inn "Palm Beach Hotel," opened in June.

Until the hotel is closed, Maksoud wrote, "Arab Americans — who number three to five million — and others who oppose the legitimization of Israeli settlement-building activity will no longer patronize Days Inn hotels in the United States or abroad." □

A spokesman for Days Inn said the hotel is owned by the company's licensee in Israel, not by Days Inn. He declined to comment, however, on whether Days Inn had any input into or control over the selection of that particular location. The spokesman also declined to comment on the proposed boycott and the letter of protest. □

Israeli Reform nursery school severely damaged by firebomb

By Michele Chabin

JERUSALEM (JTA) — Firebombings of Jewish sites carried out by hatemongers occasionally occur in Europe.

But Israel was the site of such an attack this week when a nursery school operated by the Reform movement in Mevasseret Zion, a suburb of Jerusalem, was struck Sunday night. The school, which is located in a rented apartment, was almost completely destroyed.

The private nursery, which serves 40 children between the ages of 3 and 5, had been scheduled to open its doors Monday, the first day of Israel's school year.

But when teachers arrived at the school Monday morning, they found the remains of a firebomb, which police said was thrown through a window.

Police said they have not yet found any suspects.

Hannah Sorek, chairwoman of the Reform congregation Kehillat Mevasseret Zion, believes the firebombing was a hate crime. "There are people who don't want us here," she said. Congregation members were planning to hold a demonstration at the local municipal council Tuesday to demand new quarters for the nursery school.

The firebombing took place at time of heightened religious tensions in Israel. Non-Orthodox movements have been calling for an increased role in the country's religious life, which has been under the control of the Orthodox. □

New York State opens office to help survivors filing claims*By Stewart Ain**New York Jewish Week*

NEW YORK (JTA) — New York State has opened a Holocaust claims office.

The office, which will handle insurance and banking claims stemming from the Holocaust, is designed to help those who did not see the names of relatives on the list of 1,800 names released in July by the Swiss Bankers Association.

"We're going to provide assistance to people who believe they have a legitimate claim on assets held in a [Swiss bank] account during World War II," said the state's banking commissioner, Elizabeth McCaul. "We are also working on a plan to take in insurance claims."

She said the Manhattan office's eight-member staff would help individuals fill out forms and help them search for supporting material for their claims.

"They should come and bring whatever information they have, including copies of any letters they have received or anything that was told to them," McCaul said.

In particular, she said, the state wants to help those who paid the Swiss banks to search for a relative's account and, in return, received a letter saying the search failed to locate an account.

The office will not charge for any of its services.

She said New York Gov. George Pataki made \$550,000 available to establish the office for one year.

Once a claim is filed, McCaul said her staff would follow up with representatives of the Volcker Commission, an independent group now auditing the books of Swiss banks to determine the extent of dormant accounts opened by Jews during the war years.

"We are also doing searches of our own with the banks," she said, referring to the work of her department with Swiss banks based in New York during World War II and at least five domestic banks that acted as liaisons for Swiss banks during that time.

In a related development, a Manhattan federal court last month held a hearing on a class-action suit filed by Holocaust survivors against 16 European insurance companies that they claim cheated them out of billions of dollars.

Policies paid to the Nazis

Two survivors, Margaret Zentner and Marta Cornell, recently went with their lawyer, Edward Fagan, to the corporate headquarters of the German Allianz Group to press their claims.

Fagan said the families of both women had bought insurance policies from Allianz or its subsidiaries before the war. Zentner's policy was supposed to be paid when she turned 21 or married. Instead, it was paid to the Nazis in 1942, he said, in compliance with German law regarding all Jewish life insurance policies.

Meanwhile, New York City's comptroller, Alan Hevesi, said he has encouraged hundreds of officers of public pension funds nationwide to write to Swiss companies in which they are shareholders and encourage them to contribute to the Swiss Holocaust Memorial Fund. The fund, valued at about \$116 million, was created in February with contributions from Switzerland's largest banks and industrial firms to help Holocaust survivors.

Hevesi wrote in July to 27 Swiss companies in which the city retirement system holds 780,720 shares worth more than \$462 million.

About a dozen companies have responded and all but one, the hotel and restaurant chain Movenpick, said they had contributed. However, none would reveal the amount.

The officers of Zurich Insurance Co. explained that the contributors had agreed not to reveal the amounts "in order to maintain the character of a gesture of solidarity. Our donation is driven by our spontaneous willingness to do what is possible to mitigate the tremendous suffering caused by the Nazi regime."

A Movenpick executive said the company did not contribute because it was founded after the war.

Hevesi said he was puzzled that those who had contributed wanted to keep their actions a secret.

"I think if they are giving they should be proud of it because they are doing the right thing," he said. "Those who are not giving should be encouraged to do so."

Elan Steinberg, executive director of the World Jewish Congress, said he, too, could not understand the decision to "hide behind a veil of secrecy."

Individuals interested in contacting New York State's Holocaust Claims Processing Office may do so by calling (800) 695-3318. □

Conviction of Israeli Druse strains relations with Egypt*By Naomi Segal*

JERUSALEM (JTA) — The conviction of an Israeli Druse by an Egyptian court has strained already chilly Israeli-Egyptian relations.

Prime Minister Benjamin Netanyahu said Monday he expected Egyptian President Hosni Mubarak to pardon the 35-year-old Druse man, who was convicted of spying for Israel.

"I told him that we expect him to find a way to pardon or release Azam Azam and bring him back to Israel," Netanyahu, who spoke with Mubarak on Sunday, told Israel Radio.

Azam, a mechanic at an Israeli-Egyptian textile plant in Cairo, was convicted Sunday of espionage and sentenced to 15 years in prison with hard labor.

Two Israeli Arab women, Zahra Yousef Jreis and Mona Ahmed Shawahna, were given life sentences in absentia. The two were in Israel when the sentences were handed down.

An Egyptian national, Emad Abdel-Hamid Ismail, was also sentenced to life for being an accomplice.

Azam, who was arrested last November, was charged with giving women's underwear soaked with invisible ink to Ismail, who then used the ink to write messages to Israel about the state of Egyptian factories.

Netanyahu called Sunday's verdict "twisted."

The prime minister said that in his conversation with Mubarak, the Egyptian leader expressed regret over the conviction.

But Netanyahu did not say whether Mubarak pledged to pardon Azam, who is the married father of four children.

Israeli officials have insisted that Azam was not a government agent. His arrest last year in Cairo and his trial, which began in April, have created tension between Israel and Egypt.

Despite the guilty verdict, Netanyahu said Israeli-Egyptian relations were not in crisis. "The relations between Egypt and Israel are not at an all-time low," he said. "There have been ups-and-downs in the past. That is the nature of the peace we have."

Netanyahu met Monday with family members of Azam and assured them he would not rest until Azam was freed. But family members came away from the meeting dissatisfied. "Until now, all we have heard are words and promises to release Azam. What we need now is action, and we believe that will be when Azam is freed," Azam's brother, Sami, told Israel Radio. □