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TOP NEWS IN BRIEF

Ross, Arafat discuss statehood

U.S. Middle East envoy Dennis Ross told Palestinian Authority Chairman Yasser Arafat that the United States opposes Arafat's threat to unilaterally declare statehood after May 4, the end of the interim peace period established by the Oslo accords.

Ross made his comment in Madrid on Tuesday, where the two met to discuss Palestinian statehood. President Clinton is scheduled to meet with Arafat on Tuesday at the White House.

Meanwhile, Israel welcomed a House resolution opposing a unilateral declaration, and Palestinian lawmakers called on Clinton to ignore it.

Deal nears on Iran freeze

Russian and American officials are negotiating to freeze Moscow's sale of nuclear technology to Iran.

Under the emerging deal, which officials hope to complete before next week's visit to Washington by Russian Prime Minister Yevgeny Primakov, Russia's top nuclear labs would stop nuclear cooperation with Tehran in exchange for a lifting of U.S. sanctions on those labs.

Sephardi leader convicted

A three-judge panel in Israel convicted a powerful Sephardi political leader Tuesday of taking bribes, fraud and breach of public trust in a case that could raise ethnic tensions in the run-up to Israel's May 17 elections.

Among the most serious offenses, Aryeh Deri, the leader of the fervently Orthodox Shas Party, was found guilty of taking up to \$155,000 in bribes and trips abroad during the 1980s from three other defendants, when he was a top official in the Interior Ministry.

The lawyer for Deri said he would appeal the verdict. [Page 3]

Disputed paintings to stay in U.S.

An appeals court in New York ruled that two artworks which may have been looted by the Nazis must remain in the United States until a criminal investigation into their ownership is finished.

The ruling overturns a lower court's ruling that would have allowed the two works by the Austrian Egon Schiele, which were displayed at the Museum of Modern Art in New York early last year, to return to Austria pending the outcome of the investigation.

NEWS ANALYSIS

Confrontations with U.S., E.U. play into Netanyahu's campaign

By David Landau

JERUSALEM (JTA) — Israel's relations with the United States and the European Union have deteriorated in recent weeks, and political observers are already wondering how this will play out in Israel's May 17 elections.

Some pundits say they detect no desire on the part of Prime Minister Benjamin Netanyahu to soft-pedal these differences — which include a much-trumpeted disagreement with the European Union over the status of Jerusalem — since such issues can play well in his campaign.

Similarly, a series of recent criticisms of the Netanyahu government from the Clinton administration over such issues as settlement expansion give the prime minister the opportunity to clothe himself as a staunch defender of Israel's interests.

Coupled with these criticisms have been several recent actions by members of the Clinton administration that have been perceived here as definite snubs of Netanyahu.

Some political observers view these public criticisms and diplomatic rebuffs as attempts to interfere in Israel's election campaign and boost Netanyahu's opponents.

Of course, American and European officials publicly deny this interpretation.

But if they do harbor such intentions, the strategy may well backfire: Assaults on Israel's emotion-laden claim to a united Jerusalem, or on its reluctance to cede the Golan Heights, can easily result in bolstered support for Netanyahu.

Aware of this, Netanyahu's opponents in the race for prime minister — Labor Party leader Ehud Barak and centrist leader Yitzhak Mordechai — are now trying to convince the public that they are every bit as devoted to Jerusalem and the Golan as Netanyahu.

On the left side of the Israeli political spectrum, the deterioration in Israel's relations with U.S. and E.U. officials is being held up as evidence of the Netanyahu government's mishandling of the nation's foreign policy.

For Netanyahu's supporters on the political right, it is evidence of the charge that the West is meddling in the election campaign.

Despite the overwhelming passage this week and last of a resolution by both houses of the U.S. Congress opposing a unilateral declaration of Palestinian statehood, diplomats and political commentators here sense an ongoing slippage in Israel's standing with the Clinton administration — and a simultaneous improvement in the relationship between Washington and the Palestinian Authority.

While Palestinian Authority President Yasser Arafat is preparing to meet with President Clinton next week — in what will be his second trip to Washington this year — no Clinton-Netanyahu meetings appear in the cards.

And last week, during a tour of the Middle East, U.S. Secretary of Defense William Cohen pointedly let it be known that his own belatedly and hastily arranged call on Netanyahu had not been a result of his initiative, but rather the premier's.

And, as if to deny the premier any political points from the meeting, Cohen set up similar meetings with Barak and Mordechai.

While in Cohen's case the cold-shouldering of the prime minister is a matter of interpretation, other recent U.S. moves seem to leave little doubt of the Clinton administration's impatience with the Netanyahu government.

As a case in point, U.S. Middle East envoy Dennis Ross last Friday told Reuters that Israeli settlement activity is "very destructive to the pursuit of peace."

Ross rarely speaks on the record to the media. He knows, moreover, all the nuanced

MIDEAST FOCUS

Centrist party unveils line-up

Israel's centrist party unveiled its line-up for the May 17 election. Uri Savir, one of the architects of the Oslo accords, received the fifth spot behind party founders Yitzhak Mordechai, Amnon Lipkin-Shahak, Dan Meridor and Roni Milo.

Yitzhak Rabin's daughter, Dalia Rabin-Philosof, was given the sixth slot, followed by Nechama Ronen, a former Environment Ministry official who is close to the right-wing Tsomet Party.

Supreme Court: Bedouin can stay

Israel's Supreme Court ruled Tuesday that 600 Bedouin who fled to Israel from Egypt this week can stay in the country until a court hears their request for asylum.

The Negev regional council had demanded that the army send the Bedouin back to Egypt, saying it did not have the resources to care for them. The group reportedly fled to Israel to escape a feud with another clan.

Druse named ambassador

An Israeli recently named ambassador to Vietnam is believed to be the first Druse to be named the country's top envoy to a foreign nation.

Walid Mansour has been serving as Israel's consul general in Bombay. The first Israeli Arab to serve as an ambassador, Ali Yihye, recently concluded his tenure at the Israeli Embassy in Finland.

Grieving families meet Weizman

Israeli and Palestinian families who have had children killed as a result of the Middle East conflict gathered together to share their experiences. The families, brought together under the auspices of the Israeli group known as the Parents' Circle, met with Israeli President Ezer Weizman and former Prime Minister Shimon Peres, and visited a Jerusalem high school.



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phraseology of past U.S. policy pronouncements on such troubling issues as settlements.

But in the telephone interview with Reuters, Ross was apparently determined to put firmly on the record American officials' mounting frustration with settlement expansion.

As if to make sure the message got through, the spokesman for the U.S. Embassy in Tel Aviv reiterated Ross' comments on Monday, saying that U.S. officials "have been troubled by the expansion of existing settlements well beyond their periphery."

Netanyahu's adviser, David Bar-Illan, rejected the charge, saying all settlement construction is taking place within the existing "municipal boundaries of these communities."

But American officials are frustrated with such assertions. As they try to keep a tally of settlement activity, those boundaries seem remarkably vague and flexible indeed.

In what is being viewed as another American snub, the assistant secretary of state for Near Eastern affairs, Martin Indyk, paid a weekend visit to Syria, but made no plans to travel to Israel.

After meeting Sunday with Syrian President Hafez Assad and Foreign Minister Farouk al-Sharaa, Indyk spoke of "preparing the ground" for a resumption of Israeli-Syrian negotiations after the Israeli elections.

Of course, Indyk was careful to avoid any hint of preference regarding the outcome of those elections. But the fact that the Israel-Syrian talks have been paralyzed since Netanyahu took office in 1996 — coupled with Indyk's omission of Israel from his itinerary — seemed to indicate that the American envoy and his Syrian hosts were discussing a post-Netanyahu scenario.

Another cold wind blowing across U.S.-Israeli relations was disclosed Monday by the Israeli daily Ha'aretz, which reported that American officials had instructed a group of retired U.S. generals visiting Israel that they should not participate in a tour of eastern Jerusalem and the Golan Heights because they are occupied territories.

The U.S. Embassy in Tel Aviv said the directive reflected standing U.S. policy — but just the same, it came as another slap in the face.

Then, along with all the perceived American assaults, there was the E.U. attack on the status of Jerusalem. The issue erupted when Germany's ambassador to Israel, Theodor Wallau, wrote a letter last week to the Israeli Foreign Ministry about the status of the city.

Wallau, whose country currently holds the rotating E.U. presidency, stated that the European Union considers Jerusalem a separate entity from Israel under the terms of a 1947 U.N. resolution.

On Tuesday, Foreign Minister Ariel Sharon convened all the foreign ambassadors stationed in Israel to solemnly rebut the letter. Israel regards the resolution, which called in part for the internationalization of Jerusalem, as "null and void," Sharon told the foreign envoys.

He added that Resolution 181 was meaningless because the 1947 partition plan proposed by the United Nations had been rejected at the time by Israel's Arab neighbors.

Wallau had sent the letter in reply to demands by Israel's Foreign Ministry that visiting E.U. officials not meet with Palestinian officials at Orient House, the Palestinians' de facto headquarters in eastern Jerusalem.

Wallau insisted there would be no change in E.U. practices — meaning that its ministers' meetings at Orient House would continue.

On the face of it, the tart E.U. response was especially embarrassing for Netanyahu because he has repeatedly claimed during the election campaign that his government had succeeded in putting a stop to the Palestinian Authority's diplomatic activities at Orient House.

But some political pundits believe the European officials who say it was the Israeli government — not any of the foreign embassies — that leaked the ostensibly embarrassing exchange of letters.

After all, the observers say, the letters have given the premier — and Sharon — a platform from which to attack the enemies of a united Jerusalem. □

JEWISH WORLD

Bombing anniversary marked

Israeli Foreign Minister Ariel Sharon and several Jewish organizations called on Argentina to bring to justice those responsible for the 1992 bombing of the Israeli Embassy in Buenos Aires.

Sharon made his comments Tuesday, the seventh anniversary of the attack, which killed 29 and wounded dozens of others.

Chechen leader blames Zionists

The leader of the Russian breakaway republic of Chechnya accused "Zionists" of being behind local efforts to topple him from power.

Speaking this week to 50,000 of his supporters in the capital of Grozny, Aslan Maskhadov said the leaders of internal opposition to his rule have been acting on instructions from "international Zionist centers." Elected president two years ago, Maskhadov is reported to be losing a power struggle involving several prominent Chechens.

Lawyer plans to file more suits

A lawyer representing Holocaust survivors said he plans to file suits against four more Austrian firms for their dealings with the Nazis. Ed Fagan told an Austrian news agency that he plans to use the suits as leverage in settlement talks with the firms, three of which are banks.

Meanwhile, New York City's top financial official announced he would meet with German banks on April 15 to discuss ongoing German efforts to establish a compensation fund for Holocaust-era slave laborers.

School honors Israeli soldiers

One of three Israeli soldiers who risked their lives to save a busload of schoolchildren from a terrorist bomb was honored Wednesday by students in New York.

Izhar Tubi visited the Manhattan Day School where seventh graders made a donation to the Friends of the Israeli Defense Force in the soldiers' honor and gave copies of the Book of Psalms to Tubi to bring to another soldier, Ze'ev Hazanofsky, and the family of Alexei Neykov, who died in the October 1998 bombing.

Black-Jewish youth seder held

Grade-school students and local black and Jewish leaders were among the 800 participants in an Inter-faith Passover seder held Monday in New York by the Anti-Defamation League.

The event kicked off the ADL's Harlem Initiative, a series of cross-cultural programs and activities among New York City schoolchildren.

The initiative, organizers said, grew out of the tensions generated by last year's Million Youth March in Harlem.

Conviction of Shas leader could spark ethnic tensions

By Naomi Segal

JERUSALEM (JTA) — The conviction of a powerful Israeli political leader on charges of taking bribes, fraud and breach of public trust could raise ethnic tensions among Israelis in advance of the upcoming elections.

A three-judge panel in Jerusalem's District Court on Wednesday handed down its long-awaited verdict in the trial of Aryeh Deri, leader of the fervently Orthodox Shas Party. Among the most serious offenses, Deri was found guilty of pocketing some \$155,000 in bribes and trips abroad during the 1980s while serving as director general and later head of the Interior Ministry.

In exchange for the bribes, Deri was convicted of siphoning off state money for institutions linked to Shas and of giving out other political favors. Deri was cleared of lesser charges relating to bribery and fraudulent record-keeping.

The Moroccan-born Deri, 40, has served in both Likud- and Labor-led governments. Supporters of his party, who come mainly from Sephardi backgrounds, have maintained that the case against Deri was driven by ethnic bias.

Given the widespread public interest in the trial, Wednesday's court session was broadcast live on Israeli television and radio.

Shas activists also gathered outside the courthouse. Some cried when the guilty verdict was read; others danced and waved flags in support of the party leader. Police said some Shas activists burned tires in a Jerusalem neighborhood in response to the conviction. Security was stepped up around the three judges who ruled in the case.

For the most part, however, activists heeded calls from Deri and other party leaders to respond with restraint to the verdict.

Deri instructed his lawyer to appeal the verdict. A pre-sentencing hearing was set for March 25. He faces up to 7 years in prison on the bribery convictions alone.

Deri said he "bore no grudge against anyone." He reiterated the call for activists to direct their energy into "good works and the Torah."

Shas sources were quoted as saying they did not expect the conviction to affect Deri's leadership of the party. □

U.S. Jews to meet with Russian minister about rising anti-Semitism

By Matthew Dorf

WASHINGTON (JTA) — Russia's prime minister will be met with a barrage of criticism of his country's policies when he meets with representatives from the American Jewish community during a scheduled visit to Washington next week.

Yevgeny Primakov has agreed to a March 25 meeting with representatives from the National Conference on Soviet Jewry and the Conference of Presidents of Major American Jewish Organizations.

Concerns about rising anti-Semitism in Russia tops the agenda.

A bipartisan group of senators from the Foreign Relations Committee sent a letter to Vice President Al Gore, urging him to raise the issue of Russian anti-Semitism during meetings with Primakov. Gore heads a joint U.S.-Russian commission with Primakov.

"There is a growing trend among extremist Russian politicians to lay blame for the country's economic problems on the doorstep of the Jewish population," said Sen. Robert Torricelli (D-N.J.).

The Jewish groups also plan to discuss continuing Russian cooperation with Iran's missile and nuclear industries.

Former Soviet refusenik Natan Sharansky, on a visit to Washington in his capacity as Israeli minister of trade, expressed concern about the rise in anti-Semitism in Russia.

Sharansky said that on a recent visit to Russia, authorities surprised him by acknowledging anti-Semitic incidents. "We are afraid of pogroms no less than you," Sharansky said the security officials told him. □

BEHIND THE HEADLINES**Few objections greet U.S. plan to peddle arms to the Middle East**

By Daniel Kurtzman

WASHINGTON (JTA) — The United States has once again opened up an arms bazaar in the Middle East.

And while Israel and most Jewish groups have not raised objections to the proposal, some Middle East analysts worry that the proposed arms sales threaten to erode the “qualitative edge” the Israeli military enjoys over its neighbors.

Defense Secretary William Cohen last week pledged to sell \$3.2 billion worth of state-of-the-art fighter planes, tanks and Patriot missiles to Egypt, as well as sophisticated air-to-air missiles to Saudi Arabia, Bahrain and the United Arab Emirates.

The proposed new sales, which are likely to be approved by Congress, came as the defense secretary toured nine nations in the Persian Gulf and Middle East to discuss security threats from Iraq and Iran.

Although the United States has sold Egypt and other Arab nations a wide range of weaponry in the past — and annually earmarks some \$1.2 billion in military aid to Egypt — the peddling of the most sophisticated weapons in the U.S. arsenal has prompted criticism from defense hawks.

“It puts Israel in greater and greater jeopardy,” Tom Neumann, executive director of the Jewish Institute for National Security Affairs, said of the proposed sale to Egypt.

“Essentially it just notches up their arsenal to a higher technological level. Eventually it’s going to be so immense and so cumbersome that it’s going to precipitate a war in the Middle East.”

Others downplay the significance.

“There’s nothing new about this, they’ve been doing this for years,” said Michael Eisenstadt, a senior fellow at the Washington Institute for Near East Policy.

“These are countries which have been supportive of the peace process and have their own defense requirements,” Eisenstadt said, adding that, “Under different circumstances these sales would be of concern, but not under current circumstances.”

Asked to comment on the proposed sale to Egypt, Israeli Prime Minister Benjamin Netanyahu pointed to his country’s 20-year-old peace accord with Egypt, which he said “involved the shifting of Egypt away from Soviet arms to Western arms, American arms, and that has been an agreed-upon arrangement.”

The absence of an audible outcry from the American Jewish community in recent years to these types of sales stands in contrast to the bitter confrontations with the Reagan and Bush administrations during the 1980s over arms sales to the Arab world.

The new alliances created during the Persian Gulf War and Israel’s signing of peace agreements have changed the facts on the ground, analysts say.

“The Gulf War demonstrated that the Saudis and Gulf states are vulnerable to aggressive Arab regimes in the region and that they do have legitimate military and security needs that need to be met,” said Martin Raffel, associate executive vice chairman of the Jewish Council for Public Affairs, an umbrella body of Jewish groups.

The American Israel Public Affairs Committee, the pro-Israel

lobby, has taken no position on the new arms sales, but intends to look at them carefully “within the context of what it does to Israel’s qualitative edge,” a spokesman said.

The Clinton administration, for its part, has rejected criticism that it is fueling an arms race in the Middle East, defending the moves as an important means for helping its allies in the region meet legitimate needs for military modernization.

During his trip, Cohen told reporters that Egypt would “feel insulted” if its request for weapons were denied and might turn to other arms suppliers. “There are many potential suppliers — Russian, Chinese, French, British and others that seek to fulfill their requests,” he said.

“I think that they would look very skeptically upon our friendship and very strong partnership if we were to say, ‘I’m sorry, we have made a decision that is superior to your decision. You don’t need this and you shouldn’t have it.’ ”

He added that a strong military relationship between the United States and Egypt remains an important part of maintaining strong political and diplomatic ties that can help build peace and stability in the region.

In Israel, Cohen pledged to maintain Israel’s “qualitative edge” and held out the prospect of additional U.S. funding for the \$1.6 billion Arrow missile project designed to help Israel thwart any ballistic missile attacks.

Cohen said he was looking at ways to fund research and development of a third battery for the Arrow, an Israeli-produced missile system jointly funded by Washington.

Despite U.S. assurances that the strategic balance in the region will not be affected by the new sales, some analysts believe that transferring advanced weapons systems to Egypt may not ultimately be in Israel’s interests.

“Who does Egypt need weapons to defend themselves against?” said Mitchell Bard, a foreign policy analyst.

“They have no legitimate defensive need, so the arms are only likely to be used offensively” against Israel, he said, adding that the U.S. taxpayer will be footing the bill.

Another defense analyst who asked not to be identified, however, said the Egyptian sale “fits the model that the United States has been following with Egypt over the years in terms of selling defensive weaponry.”

The sale to Saudi Arabia of advanced air-to-air missiles, however, “is potentially significant” because “it delivers a new capability,” the analyst said, adding that “we’ll have to see” what the administration does “to make sure that Israel’s qualitative edge is maintained.” □

Bern sets new date for referendum

BERN (JTA) — Switzerland has once again set a date for a national referendum on whether to use part of its gold reserves to create a foundation to help victims of disasters around the world.

After having been postponed several times, the referendum is now slated for sometime next year, according to the nation’s Finance Ministry.

Swiss officials proposed the Foundation for the Future in 1997, when the country was coming under international pressure to acknowledge its wartime past. It is now unclear whether any of the foundation’s money will be earmarked for Holocaust victims, as Swiss leaders originally vowed. □