

Ambassador to U.S. Warns Israel That New Settlements Imperil Aid

The New York Times

June 23, 1991, Sunday, Late Edition - Final

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Distribution: Foreign Desk

Section: Section 1;; Section 1; Part 1; Page 8; Column 5; Foreign Desk; Part 1;; Column 5;

Length: 388 words

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Dateline: JERUSALEM, June 22

Body

The Israeli Ambassador to Washington warned his Government today that it would have to choose between building more settlement housing in the Israeli-occupied West Bank and Gaza Strip or receiving additional United States aid for the resettlement of Soviet Jews.

"Sometimes there are moments when governments must face issues and take hard decisions one way or another," Ambassador Zalman Shoval said in a radio interview here. "The Israeli Government, when it has all the data in hand, will have to decide if it prefers settlements or aid."

The Government has announced its intention to request \$10 billion in American loan guarantees in September. The money would be used to pay for new immigrant housing, and American officials have said they do not think Israel can build sufficient housing without it. About 300,000 immigrants have moved to Israel in the last 18 months.

Mr. Shoval's statement came just a week after Prime Minister Yitzhak Shamir confidently predicted that the United States would give Israel additional aid, even with the continued settlement construction. But President Bush, in a meeting with a group of rabbis earlier this month, had suggested that the money would not be approved unless the settlement activity stopped.

"Settlement in every part of the country continues and will continue," Mr. Shamir said. "They try to link the two things, but no one said aid will end. I don't think it will happen."

Earlier, Secretary of State James A. Baker 3d said that the rapid pace of settlement construction was the single largest obstacle stalling his Middle East peace initiative.

More settlement housing is under construction now than at any time in Israel's history. Government architects say they have been asked to draw up contingency plans for the possible construction of hundreds of thousands of settlement dwellings with the expectation that many new immigrants will move to the occupied territories.

"The question now," Mr. Shoval said, "is whether we can meet absorption and immigration needs if we cannot receive, for one reason or another, the aid we think we deserve from the United States. If the Government decides it does not want to freeze settlements for one reason or another, it will obviously have to figure out for itself how to fulfill immigration needs."

Classification

Language: ENGLISH

Subject: IMMIGRATION (89%); ARCHITECTURE (78%); RESETTLEMENT & REPATRIATION (78%); HEADS OF STATE & GOVERNMENT (78%); EMBASSIES & CONSULATES (78%); PRIME MINISTERS (73%); JEWS & JUDAISM (73%); INTERVIEWS (73%); CLERGY & RELIGIOUS VOCATIONS (72%); RELIGION (72%); APPROVALS (70%); PEACE PROCESS (68%)

Company: BANK OF NEW YORK MELLON CORP (91%); BANK OF NEW YORK MELLON CORP (91%)

Ticker: BK (NYSE) (91%)

Industry: ARCHITECTURE (78%); NEW CONSTRUCTION (78%); CONSTRUCTION (78%)

Person: GEORGE W BUSH (58%)

Geographic: ISRAEL (97%); UNITED STATES (95%); STATE OF PALESTINE (79%); MIDDLE EAST (79%)

Load-Date: June 23, 1991