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# Israel admits arms transfer, unaware contras aided

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JERUSALEM - The Israeli government yesterday confirmed that it transferred arms from the United States to Iran but said it did not know the money from the transaction went to Nicaraguan rebels.

"Israel was surprised to learn that supposedly a portion of these funds were transferred to the contras. If such a transaction took place, it had nothing to do with Israel and the government of Israel had no knowledge of it," a statement issued by Prime Minister Yitzhak Shamir's office said.

Shamir had called Foreign Minister Shimon Peres and Defense Minister Yitzhak Rabin to a late-night meeting yesterday after US officials said in Washington that Israel sold American arms to Iran and deposited the proceeds in a Swiss bank account of Nicaraguan rebels.

"The government of Israel confirms that it helped transfer defensive arms and spare parts from the United States to Iran upon the request of the United States," said the statement issued after the meeting.

"Payment for this equipment was made directly by an Iranian representative to a Swiss bank in accordance with instructions from the American representative," it said.

The 10-man Israeli inner cabinet will meet today on the matter.

Speaking to an Israeli television reporter several hours before yesterday's news conference in Washington, Shamir said: "There is nothing that Israel can be accused of in the subject of arms sales to Iran. There is nothing new in various parties trying to smear Israel with all kinds of charges. Therefore we say little on this subject."

"It is not our policy to sell arms, especially to Iran," Shamir said. But he added immediately "there are of course exceptions to

this policy."

Israeli officials appeared shocked and deeply concerned over the possible effect of the revelations on Israel's image and its future relations with Congress, the administration and the American public.

The news from Washington came in the evening hours in Jerusalem at a time when Shamir,

Peres and Rabin were on speaking engagements in various parts of the country.

The defense and foreign affairs committee of Israel's parliament complained bitterly on Monday about the government's refusal to share with it any information on the Iran arms sales. Committee member Sarah Doron of Shamir's Likud bloc began reading from

Time magazine to emphasize the fact that the news weekly knows more about the subject than the parliament's watchdog committee.

Experts on American-Israel relations said last night that the US disclosures may turn into one of the most serious crises between Jerusalem and Washington.

"Not only Congress and public opinion may be furious with Israel," said Ze'ev Schiff of the newspaper Ha'aretz, but "even some parts of the administration, especially the State Department and the CIA, may not view with favor Israel's role in the arms shipments to Iran. Even our closest associates may accuse us of involving them in the mess in which they are today."