

Report from Bonn by Rainer Apel

Pressing ahead on Soviet trade

A few obstacles to German investments in the U.S.S.R. have been removed, in return for Soviet support for German unity.

Horst Teltschik, Chancellor Kohl's national security adviser, got the "permit" from U.S. Secretary of State James Baker near the end of June, for West Germany to go ahead with its plan for a \$20 billion package of joint Western economic assistance to the U.S.S.R.

The Germans argued that if the West can't manage to put an emergency package on the Soviet table, the chief "hard currency" that can buy Soviet approval for German reunification would be withheld at the very moment that it could have a maximum political effect.

West Germany committed itself to contribute most of the funds, which made it easier for the U.S. to accept: Baker told Teltschik that the plan will have verbal support, but no money, from the Americans. The U.S. maintains that aid to the U.S.S.R. shall be limited to food sales, and that no basic investments in the Soviet economy shall occur.

Washington, Teltschik learned, thinks the Europeans are misled, but knows it can't prevent Western Europe from investing in the East. Being verbally involved in the Western package at least offers the U.S. an opportunity to keep certain political controls—similar to the veto the Americans intend to have in the newly established Bank for European Recovery and Development (BERD).

The basic U.S.-German controversy is still there, but a kind of truce has been called for the time being. Informed sources in West Germany say that the U.S. government does not want to risk an open clash with the Europeans at this moment, when cer-

tain fissures are emerging in the deals between Moscow and Washington. A clash would provide Moscow with the opportunity to drive a deep wedge between the U.S. and Europe, at a moment that doesn't fit the political interests of the Bush administration.

The Soviets realize that "crisis management" deals with the Americans can't solve their own severe economic problems, and that help from the West Germans is crucial to deal with at least the worst short-term aspects of their economic and social crisis.

This is the reason that Moscow has given up its months-long obstructionism on the German question and turned more conciliatory since the end of May.

The new Soviet view was summed up by Gorbachov's chief German policy adviser, Valentin Falin, who met Lothar Späth, prime minister of the West German state of Baden-Württemberg, in Moscow on June 18 and said, "The German question shall be settled in the frame of an all-European security structure that also extends to the field of economic relations."

The same view was presented to Späth on June 20, when he met Gorbachov in Moscow and mainly discussed economic questions. Gorbachov had arranged some spare time in the middle of a heated debate on his policy at the Communist Party Congress in Moscow, which shows the big Soviet interest in Germany.

The linkage between strategic and economic questions was also discussed at the two German-Soviet foreign ministers' meetings in Brest on June 11 and in Münster on June 18. Soviet

Foreign Minister Eduard Shevardnadze told German Foreign Minister Hans-Dietrich Genscher that the Soviets want a preferential trade and credit status with Western Europe, through extended relations between united Germany and the Soviet Union.

Shevardnadze portrayed the future Germany as Moscow's main road of access to technology in the West. He endorsed Genscher's idea of an accelerated diplomatic timetable to make way for all-German elections in December.

The sooner Germany is united, the sooner large-scale deals between Germans and Soviets can get off the ground, the two foreign ministers agreed. Genscher promised that the West Germans will make substantial economic aid to the U.S.S.R. a top item on the agenda of the European summit in Dublin on June 23 and at the Group of Seven world economic summit in Houston on July 9-11.

Shevardnadze's "yes" to Genscher was seen in Bonn as a big step forward. Two days after the Münster meeting, government sources in Bonn gave leaks to the media about another credit of DM5 billion, granted by a group of West German banks to the Soviet state bank.

It still has to be negotiated, though, where the money is going to be invested. The Soviets are pressing for investments in and near the Russian heartland: Moscow and Leningrad regions, the oilfields and coal mines of western Siberia, the Ukrainian farm areas, and the Baltic ports of Wyborg and Kaliningrad are all under discussion.

The Germans are trying to make sure that other promising regions like the ports of Klaipeda, Riga, Parnu, and Narva in the three Baltic states, and the industrial district of Kiev in Ukraine are included in the investment package.