

## Report from Bonn by Rainer Apel

### No perspectives in the East?

*Germany must begin to act according to its own interests, exporting to the markets in Russia and its neighbors.*

**T**here is an ill-conceived notion among politicians in Bonn that it doesn't matter which western country is engaged in Russia—the only thing that counts, they say, is that it is a western country," said Hermann Behrendt, one of the very few high-level German economic consultants employed by the Russian government, at the beginning of March. Behrendt considers such a view a big mistake, because "it does make a big difference whether we Germans are present here, or whether the field is left entirely to people like Jeffrey Sachs," Harvard's promoter of the disastrous policy of "shock therapy."

Behrendt pointed out that the German central bank does not have a single expert in Moscow to advise Russian policymakers on monetary policies and banking methods. Instead, the Germans prefer to sail in the all-western convoy which is pursuing a dangerous "wait and see" line.

A few days earlier, German Foreign Minister Klaus Kinkel, who was visiting Ukraine, gave a striking example of how the Germans are acting against their own economic interests, out of an ill-advised "solidarity" with the other western nations.

When telling the Ukrainian government that it should sign the START II and non-proliferation treaties or risk continued western refusal of economic assistance to their economy, Kinkel dashed the German nuclear power industry's hopes for a contract for the repair and modernization of Ukraine's atomic energy sector.

As long as Germany ties its for-

eign economic policy to criteria set by the non-proliferation and CoCom technology ban documents, it cannot sell urgently needed nuclear safety technology to the Ukrainians. For a capital-intensive sector like the German nuclear power industry, which hasn't sold a single plant or part of a plant abroad since U.S. President Jimmy Carter blocked the German-Brazilian nuclear cooperation deal in the late 1970s, the loss of profitable export perspectives in Ukraine is a dramatic setback.

It is in Germany's interest to support the restoration of an efficient power-generating sector in Ukraine. This would favor the western alignment of Ukraine, a relatively well-developed industrialized nation with a population of 52 million.

But while Bonn officials repeat the Anglo-American line that a Ukraine under Russia's nuclear umbrella (and therefore, Russia's control) is better than a sovereign Ukraine, they are not even endorsing better industry standards for the Russians.

It was nice to hear Chancellor Helmut Kohl warn early in February that more western assistance was needed for Russia, to prevent an anti-western backlash there, but Kohl's economics minister is carrying out the same type of policy that the chancellor criticized.

Economics Minister Günter Rexroth's talks in Berlin Feb. 6-7 with Russian Foreign Trade Minister Aleksei Nechayev, about a concrete agreement on east German exports to Russia, failed. They did so despite the fact that Hilmar Kopper, the chairman of

Deutsche Bank, which runs the Frankfurt Group of private creditors to Moscow, had just announced that a long-term debt-rescheduling deal was basically prepared. This meant that the pressure to pay the old foreign debt was taken off the shoulders of the Russian economy.

Rexroth's "no" to Nechayev's calls for extended German export credit guarantees (the Hermes facility) was said to be related to "uncertainties" about the Russian capability to repay the old debt. In reality, the "no" had to do with the new Bonn policy, which took effect at the end of 1992, to phase out the traditional orientation of industrial exporters in eastern Germany to markets in the former Soviet Union and eastern Europe.

The next German-Russian talks about the issue will not take place before late April or early May.

In this light, new Bonn government guidelines for subsidies and loans to eastern German firms, in the framework of the "Recovery East" program, have to be looked at more closely: They state a clear preference for firms that make "convincing" steps in the direction of decoupling from former eastern markets, and of reorientation toward the West. If Germany wants to have a cooperative relationship with the Russians, this is definitely not the right policy.

One wonders whether the German chancellor, who believes it would be "one of the biggest mistakes to give Russia up," is still in control of policymaking in Bonn.

Rumors here have it, though, that Kohl is planning a series of interventions to revitalize relations with the states of the former Soviet Union. The first such was a surprise one-hour meeting with President Boris Yeltsin at Moscow Airport on March 3, en route back to Germany from South Korea.