

West Germany Leads Trade And Development Deals Drive

* In a briefing before the Social Democratic Party faction of the West German Parliament on April 26, Chancellor Helmut Schmidt reported that Soviet President Leonid Brezhnev's visit to Bonn May 4-6 will include the signing of a package of trade and economic cooperation deals stretching to the end of the century — 120 in all, according to a West German government official — and involving de facto integration of the West German economy's growth needs and the Soviet five-year plans. Schmidt's announcement was completely blacked out of the U.S. press, although elements of the speech were reported in a low key manner by the *Frankfurter Allgemeine Zeitung* and various other West German newspapers.

Simultaneous with Schmidt's remarks, State Secretary in the Foreign Ministry Peter Hermes, in Moscow to continue preparations for the Brezhnev trip, revealed that some 120 projects are being negotiated. The *Zeitung's* account of Hermes's remarks cited plans for the development of joint BRD-Soviet machine tool prototypes. Such plans imply not only large-scale standardized production of machine tools in West Germany but the beginning of the complementary standardization of the two nation's industries.

The package of deals means the long-term integration of West German exports into Soviet five-year plans, Soviet planners told "Rapallo" journalist Heinz Lathe, the Moscow correspondent for the *Kieler Nachrichten* and other regional industry-oriented dailies.

In an interview in *Bild Am Sonntag* on April 23, Otto Wolff Von Amerongen, president of the West German Chamber of Commerce and Industry, indicated that large Siberian projects for joint development of Siberian natural resources would be the main topic of discussion during the Brezhnev trip. In an interview in *Der Spiegel* of April 29 he specified further that oil, uranium, and electricity are likely to top the list of Soviet-supplied materials after the completion of the deals. Such projects could only be realized through international industrial consortia, Von Amerongen said in *Deutsche Zeitung* April 27.

* In other BRD-East Bloc developments, Detlev Rohwedder, State Secretary in the Economics Ministry, was in Yugoslavia the week of April 23 for negotiations with the Yugoslav Foreign Trade Minister on a package of high technology deals which might reach 4.9 billion marks (\$2.4 billion), according to the *Frankfurter Allgemeine Zeitung* on April 26.

* The head of the Polish industry delegation to the Hannover Fair said that although the trade deals completed there amounted to only 34 million marks, the prospects for large scale cooperation between West Germany and Poland in developing the Third World are extremely good, according to reports in the West German press April 28. Earlier in the month, the Polish

Economic Attaché in Cologne told the Fair that Warsaw and Bonn should improve their cooperation in developing the Third World, and he attached the so-called Davignon plan of EEC Commissioner Count Davignon for the rationalization of the Western European steel industry. This is the first time an East Bloc spokesman has commented on this plan for capacity reductions.

* The Iranian government is planning to purchase two additional light-water reactors from West German nuclear reactor producers, bringing to eight the total number of reactors under construction, ordered, or under discussion in what could be the largest nuclear deal in history. On April 25, the *FAZ* estimated the price tag on the total deal at nearly \$40 billion marks — some \$20 billion, which would place the BRD-Iranian deal ahead of even the giant BRD-Brazilian deal signed several years ago.

The West German cabinet has already approved the use of Hermes's guarantees of government insurance to private BRD firms involved in large development projects for the two latest purchases. Purchase of these two reactors is expected to be finalized by next fall as part of a bigger oil-for-technology — straight barter — deal.

As reported in the *FAZ* on April 24, the Shah told visiting West German President Walter Scheel in Teheran that he wants Iran to be as highly industrialized as Western Europe before its oil runs out 25 years from now.

* Japan's Deputy Foreign Trade Minister Masuda announced Japan's intention to increase its overall business with the BRD — specifically increasing its imports of West German heavy machinery and chemicals — and thus balance its \$3 billion trade surplus with the BRD, in an interview in *Bil Am Sonntag* on April 23. The Japanese official urged the BRD to direct a "massive export initiative" toward Japanese and Asian markets, and called for more joint venture projects between the two industrial giants. Additionally, Japan is seeking to purchase West German nuclear equipment and technological expertise from West Germany as a hedge against environmentalist obstruction of U.S. nuclear exports to Japan.

* DWK, the West German construction consortium building the Gorleben nuclear reprocessing facility, has completed a deal with COGEMA, the French government-owned nuclear firm, whereby COGEMA will take care of all West German nuclear reprocessing requirements to 1984-85, at which point West Germany will have its own facilities.

* Elf-Aquitaine, the French state oil company, will cooperate with the Italian firm AGIP SPA in the creation of a jointly owned (65 percent — 35 percent) subsidiary

for the development of Congolese offshore oil fields by the end of 1978.

* A new firm named Cominak is about to be formed to undertake Nigerian uranium exploitation. The firm will be owned jointly by Nigeria (31 percent), France's COGEMA (34 percent), Japan (25 percent), and Spain (10 percent), and is the second such joint venture including France formed for Nigerian uranium exploitation.

* Creusot-Loire, the major French steelmaker, and IFP (the French Oil Institute) have signed a new 255 million franc contract with Sonatrach, the Algerian state oil and gas company, for the expansion of Algerian fertilizer production, according to French press reports of April 28.

* Brazilian Minister of Mines and Energy Sigeaki Ueki was in Paris the week of April 23 for the signing of the largest Franco-Brazilian deal ever — construction by

Creusot-Loire of a 1.3 billion francs hydro-electric dam in the Brazilian Amazon.

* The construction of a giant steel complex in Vietnam by Creusot-Loire has for the moment been cancelled by the Vietnamese government.

The French, however, indicated their general willingness to extend increased development credits to Vietnam and Cambodia — against U.S. attempts to organize a boycott — at the Asian Development Bank meeting in Vienna the week of April 23. And the French and Vietnamese governments have been involved in a continuing friendly dialogue on economic cooperation, including joint exploration of Vietnamese off-shore oil reserves.

* The signing of a new Italian-Soviet shipping agreement was reported in the West German financial daily *Handelsblatt* April 25, involving broad coordination of Italian private and state sector and Soviet merchant fleets, just as a 20 percent increase in Italo-Soviet trade for 1977 was being reported.

Soviets: Salt Is Possible Now

Soviet President Leonid Brezhnev and Politburo candidate member Boris Ponomarev hailed Secretary of State Cyrus Vance's recent trip to Moscow as "extremely positive" in separate speeches April 25. In both their statements the Soviet officials reaffirmed their country's support for a successful conclusion of SALT and for a broad range of economic cooperation agreements internationally.

Apart from general statements from the U.S. and Soviets that progress was made during Vance's meetings little detail is available due to the Secretary's policy of clamping down on "leaks" on sensitive negotiating points. "The mark of the seriousness of the negotiations," he told reporters, "is the secrecy surrounding them. If we get into the open it is regarded by (the Soviets) as a propaganda exercise." However, the Christian Science Monitor reported very "firm support" for the SALT negotiations was the response of European NATO members briefed by U.S. negotiator Paul Warnke.

Before the 18th Congress of the Leninist Young Communist league in Moscow, Brezhnev alluded to the vast possibilities for international technology-and-trade deals to become a part of the Soviets' Siberian development programs. The Soviet President discussed ambitious plans for the exploitation of resources for a million-square-mile area in the Ytumen region, commenting that the Soviet Union "does not need masses of human beings, but rather know-how" for these efforts to succeed.

That the Soviets are interested in a broad range of economic cooperation agreements was clear in remarks that Ponomarev made before a meeting of the Second International in Helsinki. Ponomarev called for "restructuring of the whole system of economic relations on the basis of peaceful coexistence."

Here are portions of Soviet President Brezhnev's speech to the Young Communist League:

Brezhnev Assesses Vance Talks

...The most essential and urgent task of our day is to secure a further easing of the war danger and to check the arms build-up. All peoples are conscious of this, and the majority of the governments recognize it. This is also borne out by the fact that a session of the United Nations General Assembly specially devoted to arms limitation and disarmament will open, for the first time in history, a few weeks from now. We wish it success, which we shall actively promote....

As you know, Moscow has just been visited by the U.S. Secretary of State, Mr. Cyrus Vance, who came on President Carter's instructions. There was a thorough exchange of opinions. As a result, some progress was made in working out an agreement on strategic arms limitation. Not all problems by far have yet been resolved. We can by no means accept certain positions of the American side. I believe, however, that by reciprocal efforts based on sensible and realistic compromise we can complete the drafting of an agreement that will justly take into account the security interests of both powers. This will enable us substantially to bridle the arms race and therefore also help to strengthen peace....

Along with other peace forces in the world, the Soviet Union is taking active steps to prevent the development of the neutron bomb, which is a new, especially inhuman weapon of mass annihilation. Our stand on this issue is absolutely clear and radical: before it is too late, to conclude an agreement between the countries concerned, reciprocally renouncing manufacture of this weapon. And may mankind be delivered from it, once and for all.

Unfortunately, the United States, which is poised to develop the neutron bomb, has not yet agreed to our proposal. President Carter has recently declared, however, that he has put off a final decision on beginning the manufacture of neutron bombs. This, of course, does not settle