

be a six-year project, of which UHDE would directly get "perhaps 7-800 million DM for engineering and design work." The rest would go to yet-unnamed subcontractors. Spread over six years, this would mean an average of 1.7 billion DM per annum, or 0.3% of total worldwide export in 1985. Even for Hoechst itself, it would amount to some 1/3 of one percent of annual worldwide sales. Put into the frame of the UHDE subsidiary, which in recent years averages some 1 billion/year DM turnover, the polyester fiber factory project would, however, dwarf all other projects, representing the company's largest contract to date, perhaps a 15% increase in annual turnover.

A spokesman for the industry association BDI clarified that in the past two years, German industry has secured "not one single major contract with the Soviet Union." "Every Western country is waiting for the final Five-Year Plan, but from preliminary information, it appears that it will not emphasize great industrial projects for the West as previously. The emphasis appears to be on investment in increasing productivity of present plant and equipment, modernizing factories." This may translate into orders for machine tools and certain equipment from Germany, until now Russia's largest source of Western industrial goods. The industry association spokesman concluded, "We and the businessmen involved in this [Soviet] trade business, have no big hopes regarding East bloc trade. We only hope to get a fair share of the orders, but we are competing with every major industrial nation. We are more realistic, I think, than some of the press or politicians."

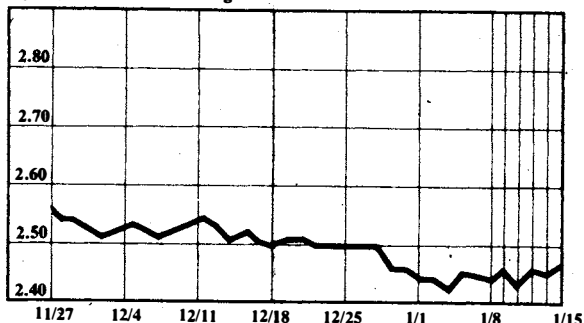
The real target: SDI cooperation

The timing of the latest propaganda barrage on behalf of expanded German-East bloc trade is calculated to inflict maximum political damage on the potential Bonn-Washington cooperation on the SDI, a major strategic objective of the U.S.S.R., as part of a broader process of decoupling West Germany from the NATO alliance. The game was exposed in the cited *Der Spiegel* article. The article on German-East trade concludes, "German industry needs a framework agreement to proceed with the American SDI project. The trade deals with the Soviet Union can proceed without any such restrictive agreements. With East trade lie potentially contracts of billions in value, while the SDI dealing with the USA to date promises only \$900,000." While the argument is a willful fraud designed to obscure the civilian argument behind SDI cooperation, namely the access to the most advanced frontiers of laser and space technologies, essential for the future of West German as well as world industry, it is clearly influencing Bonn policy. Already the government is reported discussing revising the 1982 ceiling on limiting Germany's Soviet trade dependence to no more than 10% of total state Hermes credit guarantees. If the UHDE deal is secured, this limit will be exceeded. If this is done at the expense of serious SDI collaboration, the results for the future of the Federal Republic will be incalculable.

Currency Rates

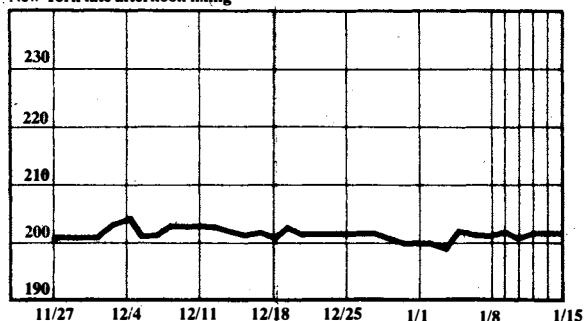
The dollar in deutschmarks

New York late afternoon fixing



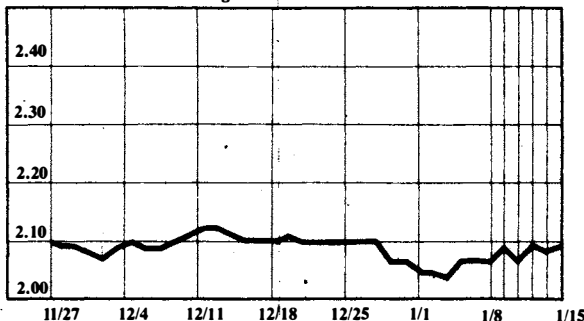
The dollar in yen

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing

