

## Report from Bonn by Rainer Apel

### Inside the 'productive triangle'

*Infrastructure projects between Germany and Czechoslovakia will yield more rapid economic results.*

**T**he emergency DM5 billion credit granted by West German banks to the Soviet Foreign Trade Bank is the biggest single German credit to a foreign client to date. While one-third of it will be spent to cover overdue Soviet payments to West German firms, there are strong expectations that the rest of the sum may be used for new joint projects.

The next encounter between Chancellor Helmut Kohl and President Mikhail Gorbachov in Moscow at the end of July, may announce some big joint projects to initiate what has been called the "beginning of a new chapter in German-Soviet relations."

The chapter will undoubtedly begin with the flow of more billion-deutschmark credits eastward, but it will, due to protracted systemic sabotage and inefficiency in the Soviet economy, produce very few positive results in the short term.

Compared to the scope of industry projects in East Germany and the East European countries, Western investments in the Soviet economy will shortly become a side-aspect.

Far more important is the question of how much economic development can be achieved within the next few years in the heavily industrialized regions of Central and Central Eastern Europe, inside the "productive triangle." A centerpiece of the triangle will be the cooperation between reunified Germany and Czechoslovakia—both traditional centers of industrial and machine-tool production in Europe.

Of specific interest, is the revival of the Elbe River waterway, connecting numerous urban industrial centers between northwestern and southeast-

ern Europe, from Hamburg on the mouth of the river, to Prague, which is linked to the upper parts of the Elbe via the Moldau River.

In early April, the Hamburg port authority and 80 industrial and trade companies presented a paper entitled "The Economy of Hamburg in a Unified Germany." The authors endorsed the following priority projects, urging their authorization at the highest political level this summer or soon thereafter:

- Rebuilding the Elbe River into the main central waterway for the transport of goods between Prague, Hamburg (becoming the central and southeast European "gate to the world"), Dresden, and Magdeburg. This involves several waterway engineering efforts—deepening the river, fortifying the river banks, and installing modern signal and communications equipment—all along the waterway;

- Modern computer-controlled container transport by ship is to be organized from three coordination centers—likely Hamburg and Prague, and a third to be built "in the southern G.D.R.;"

- Restoration, modernization, and extension of traditional rail routes from Hamburg to Berlin and the other important centers of industrial production of the G.D.R. and Czechoslovakia, such as Magdeburg, Dessau, Leipzig, Dresden, and Prague. This involves the modernization of port facilities along the entire route and construction of central storage and redistribution centers to link up the countryside to the waterway.

Political relations between Prague

and Hamburg are being intensified in order to promote the idea of joint Elbe development. On April 19, the magistrates of both cities signed a sister-city partnership with the perspective of closer cultural and political relations, and of economic cooperation on a higher level.

One short-term priority project being discussed could increase commercial activities at the 71-year-old Czech enclave in the port of Hamburg, as the Czechs plan to increase trade overseas during the 1990s. The Elbe waterway has become more important over the past few years for the Czechs, who handled more than 50% of their foreign trade in 1989 through Hamburg.

It is a good sign that the new Czech minister of economics, Vladimir Dlouhy, is favorable toward rapid German reunification, which he sees as a chance to cut loose from 45 years of forced dependency on the U.S.S.R. At a meeting of Comecon economic ministers in Prague on April 24, Dlouhy, then Czech Vice Premier, said that he sees a unified Germany as its number-one future trade partner, "a much bigger partner than the U.S.S.R. is for us today."

Reunified Germany will, for example, become the primary trade partner for the Czech machine-building sector that has been highly dependent on barter deals with the Soviet Union over the past 45 years. Soviet orders are declining because of the increasing incapacity of the Soviets to deliver the raw materials needed by the Czechs.

The reorientation of the Czech industry towards the West is a consequence of development of the Elbe waterway and the surrounding infrastructure. A government-backed German credit of several billion deutsche-marks to Czechoslovakia would yield results that couldn't be reached with the U.S.S.R. over a comparably short period of time.