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ZDF 'Bilanz' 8.15 pm: Strauss on Hua and China trade

1) Mrs Thatcher's visit to Bonn today: Welt says the British PM can reckon with sympathy and understanding but no express support of her wishes regarding EC finances. Schmidt holds his British counterpart in great esteem personally and understands her political worries. However, he does not want to take on the role of an official mediator and wants to leave a decision to all the EC partners. Welt notes that Mrs Thatcher has meanwhile corrected the impression of having given an ultimatum to the partners, so that Bölling was able to state: "The prerequisites for a discussion on British wishes are favourable! Bonn thinks several solutions are possible - what is probable is a redistribution of budget payments on the basis of the 'corrective mechanism'. Welt ends by noting Schmidt's words to Hua that he would see for himself what a clever politician Mrs Thatcher was. FAZ has a similar article on its front page, noting that the German side favours a modification of the corrective mechanism. The Federal Government has indicated that it will come out in favour of a positive solution to Britain's budget problem at the Dublin summit. FAZ also carries a longer item: 'The "iron lady" in Bonn', noting that both Schmidt and Mrs Thatcher "know what to think of each other". British diplomats in Bonn also point to the 'monstrous unfairness' that Britain should have to pay more to the EC than the 'rich' FRG. Bonn does not want to become a mediator. The reduction of Britain's payments by DM 1.3 md - 1.5 md, which London is striving at, is being rejected as too high by the other partners. FAZ says the EC finances will not be the only topic of the consultations in Bonn. The German side is interested in the Rhodesia conference, and Britain's attitude towards the NATO decisions planned in Dec. The paper notes the monosyllables emerging from the press and information services in London and Bonn before the meeting; when things become serious, their offices become silent. This need not be the worst omen for useful talks. KStA underlines that Schmidt will express certain sympathy for Britain's position regarding budget payments, but will not make any promises. NRZ thinks the talks in Bonn could help to avoid a crisis at the Dublin summit. If Britain's wishes are not met, she could exert pressure by refusing to cooperate in several fields, e.g. fishery policy, energy, consumer protection, transport. By applying the corrective mechanism, the UK's contribution would be reduced only by 20-25% and this would not satisfy Britain. London political circles think Schmidt might welcome British urging for a CAP reform since it could help the SPD to fight the resistance of the FDP. RP's item points to the propaganda campaign in Britain showing how poor the Britons are and how they are being exploited by the EC. The Conservative Government has not done anything yet to cool the anti-EC mood; since the election victory, it has even heated it up. SZ recalls Schmidt was most impressed by Mrs Thatcher during his visit to London in May; the British side would like the Bonn talks to deal almost exclusively with the EC payments. SZ has a leader: 'Understanding for Mrs Thatcher', saying that Britain's special circumstances should prompt a cut in her payments next year. Then the PM would not lose face. The CAP, which Schmidt does not like either, will not be touched, at least not until after the French election in 1981. Hill comments in KStA and StZ and supports British arguments against the CAP, which is the cause of the dilemma of the EC finances.

2) Israeli secret service activities in Bavarian prison: The Bundestag will take this up next week (FAZ's lead). The AA has promised the Arab ambassadors a 'serious investigation'; they made representations on Monday (FAZ, GA Welt, BR). Van Well said that clearing up the affair was not the

business of the AA but that the Arab ambassadors would be informed of the results of the German authorities' investigation; he assured them that the German position on the Palestinian question was not affected by the incident; an AA spokesman denied that the ambassadors had lodged a protest. The Iraqi ambassador said that access by foreign secret services to sentenced Arab citizens was a very troublesome affair and that such cases did not foster German-Arab relations; the Arab ambassadors hoped that lessons would be drawn precluding a repetition (all in SZ's lead story). The PLO has directed severe accusations at the FRG but said there would be no retaliation (the reports quote the Security Chief, Abu Iyad). The Federal Intelligence Service (BND) and the Government admitted mistakes had been made (GA, KStA); the responsible Federal official has been reprimanded (GA, StZ) and the Bavarian official lectured (GA, SZ, FR). 'BND: Bavaria responsible for the investigations' (StZ's headline). FAZ thinks the Federal authorities are to blame but that Baum does not seem to be affected. FAZ goes into the sensitive foreign policy aspects. HB is also critical of the Federal Government. GA: There is relief at the PLO statement.

3) Economic: The reports of increased tax revenue have revived Opposition calls for tax relief (GA lead story, SZ, FR). The plans are to use the money to retire debts, says Matthöfer (FAZ, FR, GA). The editorials mainly agree. The latest report of the Economics Ministry says economic trends continue to be favourable (GA, Welt, FAZ, FR, HB, StZ). Pension payments must rise in 1981, say the insurance companies (RP lead story).

4) British affairs: In connection with Hua's visit to the UK, HB underlines: 'British are lagging behind in trade with China! Other papers have a dpa item noting that Britain wants to compete with the FRG and referring to Trade Secretary Nott's statement after his talk with Hua. FAZ, Welt, SZ i.a. note HMG's measures to stop so much gas being burned off in the N. Sea oil fields. GA and FAZ have short reports on the CBI's latest enquiry showing industry's pessimism. Most papers refer to Whitelaw's announcement of plans to cut the number of immigrants. Bode writes in SZ that, after the 'act of liberation' (EC membership), Ireland is thinking more of reuniting with Ulster; it is probable that Ireland could bring up the national question in the EC soon. FAZ comments on Lord Carrington's patience during the long Rhodesia conference, which is admirable.

5) EC: 'Bonn brings fish to Dublin summit table': The Federal Government is considering linking the fishery issues and the British budget contribution. Mrs Thatcher has already rejected linkage. The latest meeting of the agriculture ministers did not narrow the differences but reportedly did improve the atmosphere. London's policy is blocking arrangements with non-EC countries (StZ). Secretary Walker hinted at green light for the agreement with Canada perhaps at the next meeting, i.e. just after Dublin (HB). The British expect too much, but the credit and debit side of the EC ledger are indisputably imbalanced (HB comment). The economic pages of Welt and GA play up Commissioner Gundelach's call for CAP reform, which he says is unavoidable. 'Agriculture fund bankrupt in 1981?' (GA). For the first time, the agriculture ministers discussed concrete ways and means to cut surplus production (Welt). Ertl in a press conference presumed he would have Cabinet support, as in the past; he obviously still hopes for EC approval of higher farm income (Welt). StZ has a caustic editorial on farm surpluses. Hauser reports that Brunner plans to give up his Brussels post for a seat in the Bundestag. Haferkamp and Jenkins are considered ripe for replacement. The worst nightmare of many EC officials would be an extension of the Jenkins era. The insiders want Tindemans to replace him (FR and GA). Bonn has welcomed the EC-ACP 2nd Lomé agreement (RP, BR i.a.). EC aid to Cambodia has been increased (Welt, RP).

6) DDR, Berlin: BR's lead announces: 'No more road tolls for visitors to the DDR'; other papers report too on the agreement reached with E. Germany. Gaus said the Allies had been consulted and had approved (BR, with a disgruntled comment on a further lucrative deal for the DDR). FR sees the agreement as 'a good sign' for further arrangements. Welt notes the 'moderate and quite restrained' comments in Moscow and E. Berlin on Giscard's visit to Berlin. The paper comments that the emphasis on the correct French protocol should not awaken any doubts of the public on the correctness of the other allies; neither Carter nor HM Queen Elizabeth violated the status of the city.

7) Defence: FAZ, SZ, GA refer to the attack in 'Neues Deutschland' on Genscher's statement on Brezhnev's proposals, charging him with trying to put down mines against détente. On DDR radio, Falin comes out against dismissing Brezhnev's suggestions as propaganda (FAZ, SZ, StZ). Ex-Gen. Baudissir tells StZ that he does not think a decision on the production of Pershing II missiles is necessary; there is no 'gap' in western defence capability. 'US to develop new nuclear warheads - radiation missiles in Europe should be restricted' (StZ). Holland and Belgium have had a talk on the new missiles (SZ).

MISCELLANEOUS: Geissler presented a CDU analysis of SPD-FDP policy (StZ main item i.a.). SWAPO charges the FRG with robbing Namibia's natural resources e.g. filling 30% of its uranium supplies there, and of being the only country to violate all UN resolutions on Namibia; the AA denies this (FR).