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REPORT ON THE IMPLEMENTATION OF THE
FINAL ACT OF THE CSCE

REVIEW OF IMPLEMENTATION

Note by the Secretary General

Attached is the Twelfth Report by the Political Committee on the implementation of the Final Act.

2. This report is a follow-up to the Eleventh Report prepared in November 1980(1) and covers the period 1st October 1980 to 1st May 1981.

3. The sections of the report dealing with implementation of Chapter II provisions have been prepared by the Economic Committee.

4. Part II draws attention to general trends and developments during the period under review. In the Annex, an evaluation of the implementation is given on a country-by-country basis.

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This document includes: 1 Annex

(1) C-M(81)67

N A T O C O N F I D E N T I A L

IMPLEMENTATION OF THE FINAL ACT OF THE CSCE

Twelfth Report by the Political Committee
(1st October 1980-1st May 1981)

Review of Implementation by the East European States
and the Soviet Union

I. Introduction

1. At its meeting on 1st October 1975, the Council agreed that reports on those aspects of the implementation of the Final Act of the CSCE, which have a particular importance for members of the Alliance, could be prepared by the Political Committee.

2. This is the twelfth such report and covers the period from 1st October 1980 until 1st May 1981(1).

II. General Trends in Implementation by the Soviet Union and East European Countries

3. During the period under review the records of implementation of the Final Act of Eastern European countries showed either no significant changes or a deterioration. An exception is Poland where the developments set in motion in August 1980 continued and had a large impact on the internal situation, which is potentially of great relevance to the implementation of the Final Act. Since these developments are still going on and as the outcome is unpredictable, it is premature to assess changes in its implementation of the Final Act. There is, however, a general trend acknowledged by the authorities, towards a more open society.

4. The events in Poland had a negative effect, in particular, on the implementation record of the Soviet Union and the German Democratic Republic. The efforts of these countries to influence the situation in Poland can be considered as a violation of several principles; moreover the GDR virtually closed its border with Poland for private travel. In Romania, internal security was tightened.

5. A trend of diversification has continued. In particular, implementation by the Soviet Union has deteriorated further and the Soviet record remains the least satisfactory. A positive effect of the ongoing Madrid Meeting on the implementation record of the Eastern European countries has not been noticeable.

(1) This report has been based on information supplied by the delegations of Belgium, Denmark, the Federal Republic of Germany, Italy, the Netherlands, Norway, the United Kingdom and the United States

C-M(81)37

-3-

Declaration of Principles

6. There has been no apparent weakening of Soviet resolve in Afghanistan, where the Soviet Union is continuing its efforts to subjugate the country by force. The efforts of the Soviet Union, Czechoslovakia and the GDR to influence the developments in Poland by calling attention to the Brezhnev doctrine and by holding extensive military preparations and manoeuvres in and around Poland can be regarded as implicit violation of, in particular, Principle II, Refraining from the threat or use of force, Principle VI, Non-intervention in Internal Affairs (by armed intervention, or the threat of such intervention, or any other act of military or of political, economic or other coercion) and Principle VIII, Self-determination.

7. In the field of human rights and fundamental freedoms, repression of dissidents continued undiminished in the Soviet Union and in Czechoslovakia. In the Soviet Union several members of Helsinki Monitoring groups were arrested in recent months. Several others were put on trial and received sentences from 3 to 5 years, plus 5 years exile. Active membership of the Moscow Monitoring Group is now reduced to four. Nationalists, religious and other groups suffered from increased police harassment.

In Czechoslovakia the government increased its efforts to suppress the Charter 77 movement by harassment and by prosecution of its leaders and spokesmen. In Romania the internal security regulations were tightened, and there is accumulating evidence of substantial interception of mail between Romania and Western countries. Authorities seem to be particularly looking for letters expressing dissatisfaction with the current internal situation. In the other East European countries there were no significant changes.

Confidence-Building Measures

8. During the period under review no military manoeuvres were notified nor were observers exchanged. There are no indications that any major military manoeuvres took place in Eastern Europe during this period. With regard to the Soviet military activities around Poland, available evidence does not indicate that these would have had to be notified under the Final Act.

Co-operation in the Field of Economics, Sciences and Technology, and the Environment

9. The most noticeable development in the implementation of the chapter on Economic Co-operation over the period 1st October 1980-1st May 1981 is a growing reluctance on the part of some of the Eastern countries, which were formerly in the forefront of promoting East-West trade relations, to further engagements. In order to cover the cost of oil imports from

the Soviet Union and redress its foreign indebtedness vis-à-vis the West, Romania has been obliged to re-integrate more into the CMEA trading network. Hungary has maintained a favourable trade balance with non-Socialist countries, but because of limited investment funds, will be somewhat restricted in expanding future co-operative projects. Bulgaria has improved its hard currency balance and is considering more sophisticated economic arrangements, such as mixed companies with Western partners. Dealings with Czechoslovakia have tightened noticeably as a result of further gravitation toward Eastern Europe and the Soviet Union in its economic relations and also as a reflection of the situation in Poland. As of 1st January 1981, the GDR decreed its foreign trade organizations subservient to the Kombinati and industrial ministries - a move designed to streamline the national economy, but which may benefit foreign business interests by facilitating more direct on-site contacts. The continuing events in Poland are doing much to alter the country's economic configuration, but the massive foreign debt imposes severe constraints on the Polish government. However, if viable economic reforms are eventually implemented, and taking into account Western aid, the situation may once again be conducive to improved Western economic relations.

Human Contacts

10. The performance in this field of Hungary and Poland remained satisfactory, that of Czechoslovakia showed improvement, and those of Bulgaria and Romania remained generally unchanged and rather difficult. In Romania there was a deterioration regarding reunification of divided German families. The situations in the German Democratic Republic and the Soviet Union have deteriorated. The GDR authorities have virtually closed the Polish border for private travel by requiring that those intending to visit either country have to obtain special permission. In October 1980, the GDR government increased the minimum hard currency exchange requirement for visitors from non-socialist countries. As a result, the number of visitors from the Federal Republic of Germany and West Berlin has declined considerably. The most striking example is the decrease in the number of visitors travelling from West Berlin to East Berlin of 54%. In this connection, it is interesting that, according to reports from Budapest, as a result of the Hungarian liberal admission policy for tourists from both socialist and non-socialist countries, Hungary has become a favourite country for divided German families to spend holidays together. In the Soviet Union a marked deterioration was noted with regard to family visits and family reunification. In general, the Soviet authorities have been increasingly stringent in granting exit permission for family reunification.

Also the number of exit permissions for touristic travel purposes decreased.

C-M(81)37

-5-

A remarkable development in Poland was the announcement of new regulations for the issuance of passports (for temporary trips abroad) under which forms were simplified, processing time reduced and the passports, in most cases, made valid for all countries of the world and for periods of three years. Travel to some Western countries particularly with regard to family visits has shown a remarkable increase. All East European countries continue to stimulate tourism from Western countries.

Information

11. The general picture of implementation in the field of information remains unchanged. Governments continue to exercise a strict control over the dissemination of information. Promising developments in Poland, since the last report, however, are the official approval for a weekly newspaper issued by Solidarnosc, which although still submitted to the censor, will represent an independent voice, and the introduction in parliament of a new, more liberal law for censorship. Solidarnosc also has access to the media.

In all East European countries the availability of Western newspapers and periodicals remains minimal.

Jamming, in particular of broadcasts of Voice of America and Radio Liberty, the BBC and die Deutsche Welle, continued unabated in Bulgaria, Czechoslovakia and the Soviet Union. In Czechoslovakia, jamming even increased at various times during the Polish crisis and also during the launch of the American space shuttle.

No significant changes were reported in the working conditions for journalists. In Poland the policy for admission of Western journalists became much more restrictive, in particular, during times of heightened tensions. However, working conditions for journalists in Poland continued to improve.

Co-operation in the Cultural and Educational Field

12. No significant changes have been reported in the Cultural and Education Co-operation field, which remained generally satisfactory. In Czechoslovakia and the GDR, cultural co-operation was negatively influenced by the international situation which led, for example, to cancellation at short notice of practically all performances of East-German artists in the Federal Republic of Germany.

COUNTRY IMPLEMENTATION

1. Bulgaria

(a) General

During the period under review no significant changes were noted in the Bulgarian implementation record, which remains meagre.

The Madrid Meeting had no noticeable effect. In general, individual cases that were solved in a positive way, were a result of high level bilateral representation.

(b) (i) Principles. No specific developments with regard to the declaration of principles have been reported. In the field of human rights and fundamental freedoms the situation remained unchanged: the limitations of the freedom of the citizen are defined by the State and, in particular, by internal security interests.

(ii) Confidence-Building Measures. No manoeuvres were notified, nor did Bulgaria exchange any observers.

(c) Economic Co-operation

Increased hard currency earnings through trade with LDCs enabled Bulgaria to compensate for its deficit with the Western industrialized countries and thus achieve an overall positive hard currency balance. The favourable financial situation and newly enacted legislation has made it possible for Bulgaria to consider and develop new forms of Western co-operation. Comments received for the period under review, indicate that contacts with foreign trade organizations are reasonably good, provided the latter have a precise interest in a specific firm or product. Companies who have had no previous dealings find it difficult to establish themselves in the Bulgarian market; trade fairs and symposia often provide useful opportunities for introductions. Access to Ministry officials is generally restricted to those who already have on-going business relations. Contacts with end-users are exceptional, although some on-site meetings do occur at later stages of contract negotiations. This should be facilitated by the implementation of a foreign trade reform which delegates greater authority to individual enterprises, as well as through the constitution of the Bulgarian Industrial Association.

ANNEX to
C-M(81)37

-2-

No changes are noted in Bulgarian policy regarding the opening of Western representative offices and no new businesses have established themselves during the reporting period. The Bulgarian State Agency Interpreted acts as an intermediary and foreign businessmen cannot operate autonomously. Office space is normally centrally located, but obtained only after some delay and commands exorbitant rents. Housing for resident businessmen presents similar problems and has led some members of the business community to switch from Interpreted to the more efficient Bodk, the Bulgarian agency administering to diplomats. Hotel accommodation has improved through the construction of new luxury hotels, although space is still at a premium during international trade fairs and Party Congresses, when rates have been known to double.

Only occasional delays are experienced in the issuance of Bulgarian visas. Harassment at Customs points is uncommon and few areas are off-limits for business travel within the country.

The publication of economic and commercial information is unsatisfactory. Reports on plan fulfilment and future development are available in extracts and data on oil imports are noticeably lacking from statistical tables. The three main annual publications "The Statistical Yearbook", "Pocket Book", and "Foreign Trade" have appeared in small numbers and after considerable delay: most of the available copies of the "Pocket Book" were distributed at the Party Congress. Agricultural statistics are more forthcoming as a result of the November 1979 exchange agreement between the USDA and the Bulgarian National Agro-Industrial Union, despite gaps in data relating to meat production and import-export details. A further discouragement to business activity is that address books and lists of suppliers are incomplete, projects calling for tenders are seldom published and import questions go unanswered.

As a result of Decree No. 535 of 28th March 1980, mixed foreign and Bulgarian companies were made possible in which foreign capital can represent over 50% of interests and transfer of profits and managerial participation are guaranteed. So far, two such mixed companies, one Japanese-Bulgarian and another Italian-Bulgarian have been founded on such legislation and two more are pending approval. Further Western companies may become interested once some of doubtful aspects have been clarified.

(d) Human Contacts

Since Belgrade, the co-operation of the Bulgarian government on the issue of family reunification has been intermittent and more limited than on the issue of family visits. The possibilities for Bulgarians to travel to Western countries for either family visits or touristic purposes have increased.

The total number remains nevertheless relatively small. Travel to Western countries remains a privilege reserved only for those who strictly adhere to the communist ideology and party rules.

(e) Information

In the field of information, there is no significant relaxation of the absolute control by the government of the dissemination of information. Practically no Western newspapers are available to the public. Treatment of journalists is generally satisfactory, although it is virtually impossible to obtain any other than official information. All foreign journalists have now to engage against payment a semi-official organization for services like the arrangement of interviews, visits, etc. This renders working conditions more difficult.

A negative experience was the reception of journalists at the XII Party Congress, during which they were kept isolated in the Press Centre. Press officers from Western embassies were not even allowed in the Press Centre.

(f) Cultural and Educational Co-operation

Bulgarian performance with regard to cultural exchanges continues to be good.

Educational exchange programmes are generally satisfactory although they continue to be hampered by bureaucratic delay and inefficiency.

2. Czechoslovakia

(a) General

The implementation of the Final Act by Czechoslovakia eroded during the period under review, as a result of a combination of its ongoing policy to limit dissidence, an economic squeeze, characterized by a shifting of trade patterns inward and to the Soviet Union and, most importantly, nervousness over the implications of Polish developments. The effects were felt, in particular, by the dissident movement and in the field of information.

Improvement in the field of human contacts is sustained although application for an exit visa remains difficult and time-consuming.

- (b) (i) Principles. With regard to Principle VII, the Government increased its efforts to suppress the Charter 77 movement by prosecuting its leaders and spokesmen.

ANNEX to
C-M(81)37

-4-

Also the pressure on the Catholic Church was increased. Heavy threats against the "Secret Church" in Slovakia were publicly expressed in the party press organs.

- (ii) No manoeuvres were notified nor did Czechoslovakia exchange any observers.

(c) Economic Co-operation

Opportunities for expanding Western trade relations with Czechoslovakia appear limited for the moment, as the country becomes more integrated within the CMEA framework through co-operation and specialization agreements. This trend is also reflected in the 7th Five Year Plan, which also emphasizes reduced imports from and increased exports to non-socialist countries. Economic planning rigidity, the foreign trade monopoly and compensation as a contractual condition seriously impede business. Authorization from the competent foreign trade organization is mandatory for contacts between Western firms and productive enterprises. Access to end-users is often blocked or is subject to favouritism on the part of the foreign trade organizations. Interviews with commercial officials involve extensive red-tape procedures and, reflecting Polish events, are more strictly enforced.

The new foreign trade regulation No. 63/80, implemented on 29th May 1980, and which became effective as of 1st July 1980, was designed to establish foreign business representation on a different basis and to facilitate certain aspects. So far, this has not been the case and, in fact, the number of business offices has declined as several American, Swedish and Japanese firms have decided to terminate their activities.

Czechoslovak policies are primarily geared to increasing hard currency earnings by boosting operating costs to the detriment of business profits. This is particularly prevalent in the engagement of local personnel which must be hired through the Diplomatic Services Bureau. The latter takes 50% of employees' hard currency salaries and reserves the right to withdraw staff at any time. The shortage of office space and living quarters entails long waits and the standard is seldom commensurate with the high rents. Hotel accommodation is available, but charges increased markedly during trade fairs, at which time business people were obliged to purchase half-pension meal tickets with hard currency. Telephone and telex communications to the United States are three times more expensive than those from the US.

There is usually a two week delay in granting visas and upon entering the country, there is an obligatory \$12 daily exchange rate. Customs searches have become more thorough, and periodicals are liable to be confiscated, and business correspondence is subject to scrutiny. Internal travel is

permitted within the framework of a pre-arranged business trip. Long-term or multiple-entry visas are issued only in exceptional circumstances. The quantity and quality of economic and commercial information has also declined. After delays in publication, statistics are already somewhat outdated, often expressed only in relative percentages of a base year and remiss in data where performance has been poor. Foreign trade organizations are loath to reveal trade statistics and the local Press is usually the main source of information on the Plan and budget. Certain institutions publish periodicals specializing in a particular industrial branch, but they are of limited value. Calls for tenders are rarely published and favouritism is evident in their award. All publicity arrangements must be handed through State advertising agencies. In addition, the Czechoslovak government has been pressuring Western sponsors of trade events to enlist local agents as a means of exerting greater control and augmenting hard currency revenues. There is little opportunity for conducting market research and surveys.

Regulation No. 157/80, implemented on 6th November 1980, was intended to simplify the administrative procedures for concluding co-operative deals with the West, but, at the same time, it has restricted their scope by prescribing two set forms of contract. The number of concluded contracts for Western co-operation is comparatively small at 35. The main motivation for the Czechoslovaks is to obtain Western technology at a minimum of cost and hard currency expenditure. For the West, the present atmosphere, typified by unresponsiveness, incompetence and callous disregard in business negotiations, discourages additional commercial involvement.

(d) Human Contacts

The Czechoslovak performance in the area of family reunification is satisfactory and the number of Czechoslovaks obtaining permission for travel to Western countries, either for family visits or for touristic reasons, increased. Some countries noted, however, a decrease, during the last six months, probably due to lack of foreign currency. However, the process for obtaining a visa remains very cumbersome and time-consuming. Elderly or retired people have the best chance of receiving permission to visit Western countries. Czechoslovak citizens of working age encounter much greater difficulties and are seldom permitted to travel in the company of members of their immediate family.

(e) Information

In this area in particular the nervousness of the government about the developments in Poland has led to a deterioration of the already poor implementation record.

ANNEX to
C-M(81)37

-6-

Information was received that many Czechoslovaks who had personal officially approved subscriptions to magazines have not received any issues since December 1980.

Students from universities and from the CSSR Academy of Science complained that they no longer received the latest books in the fields of history, literature and psychology.

Jamming of the Voice of America, Radio Free Europe, and Deutsche Welle continued and increased at various times during the Polish crisis and also during the launch of the American space shuttle.

In general, there is no change in the working conditions of Western journalists. Official interviews are usually granted and arranged and recently a correspondent of the "Wall Street Journal" was even allowed to visit one of the Czechoslovak nuclear sites. However, a correspondent of the Voice of America and a correspondent of Time-Life were refused a visa. Appeals to reconsider these decisions were rejected.

It was reported that Western journalists continue to contact dissidents without official interference, although most, if not all, such contacts have been subject to police surveillance.

(f) Cultural and Educational Co-operation

No changes were reported in the field of cultural and educational co-operation which remains very limited and difficult. Co-operation in both fields depends to a large extent on the general political climate and the bilateral relationship.

3. German Democratic Republic

(a) General

During the period under review, there has been a significant deterioration in the field of human contacts caused by the increase of the minimum hard currency exchange requirement for visitors from non-socialist countries. As a result, the number of visitors from the Federal Republic of Germany and from West Berlin has declined considerably. Moreover, the traffic with Poland has been severely restricted by the GDR government.

There was also a deterioration in the field of human rights.

- (b) (i) Principles. The concern of the GDR authorities at developments in Poland has been evident throughout the period under review. The use of

language based on the Brezhnev doctrine by the GDR leadership and participation in extensive Warsaw Pact military preparations and manoeuvres in and around Poland can be regarded as implicit infractions of the Declaration of Principles and, in particular, of Principle II (Refraining from the threat or use of force, Principle VI (Non-intervention in Internal Affairs) and Principle VIII (Self-determination). In the field of human rights and fundamental freedoms there was evidence of a deterioration in the treatment of dissident writers. Three were imprisoned, but subsequently released.

Relations between the authorities and the Churches, in particular, "die Evangelisch Kirche" continued to improve slowly, but so far to no avail for individual Christians who continue to suffer discrimination at work and school. Western Church representatives encountered difficulties in obtaining visas for visits in the GDR and Western journalists have been refused permission to attend ecclesiastical gatherings in the GDR on a number of occasions.

(ii) Confidence Building Measures. No manoeuvres were notified nor did the GDR exchange any observers.

(c) Economic Co-operation

The consolidation of the Kombinats (industrial manufacturing organizations), which became effective as of 1st January 1981, did much to change the structure of GDR industry and foreign trade organizations (FTOs). Henceforth, the latter are either subordinate to industrial ministries or form integral parts of the Kombinats. On the one hand, the actual transformation of the FTOs has become more complex, but on the other, the Kombinats have grown stronger within the framework of foreign trade. Western business representatives must still deal exclusively with the FTOs although their reorganization should theoretically facilitate access to industrial end-users. So far, it has been observed that increasing numbers of contacts are necessary to initiate business procedures. Access, however, to actual production enterprises appears to be more direct. During the reporting period, working conditions have remained much the same. Foreign companies are still obliged to obtain their support services, such as advertising, organization of fairs, symposia and exhibits, marketing research and insurance through GDR companies. Western firms wishing to locate in East Berlin are required to rent office space in the International Trade Centre, where charges are somewhat high and payable only in hard currency. Some comments indicate that

ANNEX to
C-M(81)37

-8-

engaging a GDR "agent" is obligatory for undertaking even minimal arrangements. Hotel space is ample in East Berlin, but Western business people must usually reserve in the two hard-currency hotels, the Metropol and the Palast. Only if these two are fully booked can lower-priced accommodation be arranged. The opening of the new Inter-hotel Merkur in Leipzig for the semi-annual Spring fair helped alleviate the habitual shortage of rooms. Rates, payable in hard currency, were raised for the duration of the fair, but lowered during off-season. At the 1981 Spring fair the authorities helped foreign guests find space in private homes and organized a bus service for those staying in the neighbouring city of Halle, a distance of 25 miles. Housing in East Berlin is obtained through a State-run service and is usually more expensive than the quality would warrant.

The increase in the obligatory daily exchange rate to 25 marks has proved inconvenient especially for businessmen crossing from West to East Berlin for the day. As businessmen are required to stay in Inter-hotels and pay for lodging and meals in hard currency, there is very little means of spending the Ostmark compulsorily acquired. Upon leaving the GDR, unspent Ostmarks must be deposited in a special account for use on future visits. The consequent expense was felt by participants at the Leipzig Spring Fair.

Business visas are sometimes issued automatically at airports or at West Berlin-East Berlin crossings. Resident representatives may be granted multiple entry visas valid for 12 months and a commercial "personal identity card" for facilitating travel between East and West Berlin. GDR customs regulations have sometimes prevented businessmen entering the country with sales literature.

There is a dearth of economic and commercial information, particularly in the area of macro-economic statistics, which are expressed in such highly aggregated forms as to afford no reliable basis for evaluating business potential. The 1980 GDR Yearbook, covering economic performance in 1979, appeared only in March 1981 after six months delay in limited numbers. To correspond with the recent FTO reorganization, the GDR government has released the names and addresses of new contacts and a revised foreign trade directory in English and German. The texts of foreign trade laws and regulations are generally available although their imprecise phraseology allows the GDR broad powers of interpretation. Newcomers are often unable to gain information on major projects envisaged in the annual and Five Year Plans. Usually, only after relations have been established with a GDR enterprise, is such information forthcoming.

As foreign ownership is not recognized in the GDR, joint ventures within the country are illegal, although possible in third countries. A framework agreement was concluded with France for such an operation during the period under review. Co-operative arrangements, for the most part, take the form of licensing agreements, linked with buy-back and counter-trade stipulations. Future prospects for award of large contracts to Western companies are likely to be affected by the GDR policy, under the Current Five Year Plan, of allocating investment to rationalization.

(d) Human Contacts

The overall trend was one of dramatic deterioration. In October 1980 the GDR government increased the minimum hard currency exchange requirement for visitors from non-socialist countries, most of whom come from the Federal Republic of Germany and West Berlin. The basic rate was doubled and concessionary half rates within Greater Berlin, together with exceptions for pensioners and school-children were withdrawn. As a result, the number of visitors from the Federal Republic of Germany has declined by 20% and from West Berlin by 54%. In the meantime, the GDR authorities have virtually closed the Polish border for private travel, requiring that those intending to visit either country have to get special permission after obtaining written invitations. As far as visits from the GDR to most non-socialist countries are concerned, there has been no change. Information from applicants for family reunification indicate that they are often submitted to harassment and difficulties concerning jobs and school privileges. As to bi-national marriages, improvements were noted by a number of countries.

(e) Information

In the field of information there is no significant change. The severe restrictions on non-communist publications continue. As to the information activities of diplomatic missions, there has been a very limited slackening of restrictions regarding dissemination of information. This move was taken just before the Madrid Meeting opened and was apparently intended as a cosmetic gesture in that context.

The regulations controlling the work of foreign journalists though far from being relaxed have been executed in a fairly restrained manner, perhaps due to the on-going Madrid Meeting. However, it has been noted that since the developments in Poland, it has become more difficult for journalists to obtain permission for acquiring information for a report.

(f) Cultural and Educational Co-operation

The developments in this field have been mixed. The Federal Republic of Germany noted a slackening of cultural co-operation. It was reported that practically all performances

ANNEX to
C-M(81)37

-10-

of East German artists in the Federal Republic of Germany were cancelled at short notice. Some other countries reported more positive experiences. The situation with regard to educational co-operation has not changed.

4. Hungary

(a) General

The record of implementation of the Final Act by Hungary remained generally satisfactory during the reporting period. The CSCE process continues to be important for Hungary if it is to maintain the multi-faceted relations with the West that it has developed during the past decade. Although the developments in Poland have caused an increased vigilance within the Hungarian Communist Party over ideological matters, Party leader Kadar and the Party itself have endorsed a continuation of the relatively relaxed social policy and called for more open debate of the country's problems. The public attitude to the events in Poland has been restrained. Speeches made by the leadership avoided the strident note found in other Eastern European countries.

(b) (i) Principles. In the field of human rights and fundamental freedoms, the government continues to demonstrate a relatively tolerant attitude. In March, however, the Josiff Attila circle of young Hungarian writers was suspended. The circle had for some time been negotiating for greater literary freedom and removal of self-censorship in officially controlled publications. The party, acting through the Hungarian writers' association has laid down guidelines which will allow the circle to reorganize, but without the freedoms the young writers desire.

(ii) Confidence-Building Measures. No manoeuvres were notified nor did Hungary exchange any observers.

(c) Economic Co-operation

Despite prevailing East-West political tensions, Hungary has emphasized its desire to expand its Western bilateral trade relations. Almost 50% of Hungarian foreign trade is conducted with the non-rouble area and this proportion is expected to continue; terms of trade with this zone have improved marginally. The new Sixth 5 Year Plan, therefore, pursues the policy of limiting demand and imports in order to maintain a positive balance of payments and to protect living standards. There will probably be no notable increase in imports from the West during 1981. Moreover, the rate of investment has also slowed down and few major projects are envisaged before 1985.

The merger of several industrial ministries into a single one has involved administrative and personnel changes: the Ministries of Foreign Trade and of Internal Trade are likely to be combined by the end of the year. These measures are designed to reflect an increasing decentralization in economic and commercial policy. The Hungarian Chamber of Commerce has been elevated to the rôle of an association of leading industries. There are no reported difficulties in arranging contacts with Hungarian foreign trade organizations. Small and medium sized firms sometimes experience delays in gaining access to end-users, but this is largely attributable to an under-staffed and over-worked Ministry of Industry, rather than to a deliberate policy. During 1980, the number of enterprises receiving authorization to conduct direct foreign trade negotiations rose from 40-110. An additional 300 have limited rights and there is constant pressure from other enterprises to obtain direct export privileges.

About 600 Western firms are represented by 9 Hungarian foreign trade agencies and 15 Western companies are individually represented. The West German company, Hoechst, opened an office in April under the umbrella of a Hungarian agent and Bayerische Vereinsbank is included in the headquarters of the Middle European International Bank. Difficulties in obtaining office space, living quarters, and hotel accommodation persist due to actual shortages. Often costs are high, delays considerable and the quality sub-standard, which applies as well to telex and telephone installations. The lack of information concerning the procedures necessary for opening a representative office and the related expenses discourage some firms which are only moderately active on the Hungarian market.

Economic and commercial information is distributed fairly freely in newspapers, journals and specialized economic publications. Statistics may sometimes be misleading as there is no indication whether figures represent nominal or real values or on what price basis they are calculated. It is not specified whether this year's proposed budget increases are expressed in absolute or nominal values. On-site visits and interviews have proved fruitful, as Hungarian commercial representatives and managers discuss certain questions quite freely.

Hungarian interest in co-operation in the areas of science, technology and environment is motivated by a desire to acquire Western technology and know-how. The Hungarians are seeking more durable relations, whereby local producers would develop, manufacture and market a certain product jointly with Western companies in Hungary or abroad. There is particular interest for joint tendering with Western companies for projects in Third countries. During 1980, 74 such co-operation contracts

ANNEX to
C-M(81)37

-12-

were concluded, the majority with Western firms bringing the total to 450. American co-operative arrangements number about 60 and two recent joint ventures concerned the construction of a fermentation plant, and the manufacture of radial tyres. Since 1st January 1981, the Hungarian foreign bank has been offering especially favourable interest rates for loans connected with such co-operative deals.

(d) Human Contacts

Hungarian policy in the field of human contacts remains rather liberal certainly in comparison with most other East European countries.

There have been very few cases with regard to family reunification and family visits. Tourism from Western countries is stimulated for economic reasons. An interesting side effect is that this liberal admission policy affords the possibility for many divided families from the Federal Republic of Germany and the GDR to enjoy combined holidays in Hungary, a possibility which is often made use of.

(e) Information

In the field of information, the situation remains unchanged. Working conditions for Western journalists continue to improve.

(f) Cultural and Educational Co-operation

In this field the situation is basically unchanged although cultural co-operation is temporarily somewhat hampered by a reorganization of the Hungarian cultural bureaucracy.

5. Poland

(a) General

In the period under review the chain of events set in motion in August 1980 continued and had a large impact on the internal situation. Since developments are still going on and as the outcome is unpredictable it is too early to assess the lasting effect of these changes and consequently their effect on the implementation of the Final Act by Poland. There is, however, a general trend, acknowledged by the authorities, towards a more open society, which itself may be conducive to a fuller implementation of the principles and provision of the Final Act. Promising developments in this regard are inter alia:

- the improved position of the Church which obtained permission for increased Church construction, improved possibilities for religious instruction and access to the media;
- the announcement of a new policy and new regulations for the issuance of passports (for temporary trips abroad) under which forms were simplified, processing time reduced and the passports in most cases made valid for all countries of the world and for a period of three years;
- official approval for the formation and appearance of the independent labour unions' own weekly newspaper. While still submitted to the censor, this newspaper represents a voice independent of official views;
- the introduction in parliament of a new law for censorship, which would lead to a liberalization of the present censorship rules.

(b) Economic Co-operation

Strikes during the Summer of 1980 and very high foreign indebtedness leave few options for foreign trade. No change in Polish policy for stimulating economic and commercial arrangements has been noted and, moreover, certain countries observed diminished East-West commercial activities over the last half of 1980.

Should economic reforms be adopted, access to business contacts will be more relaxed. In the meantime, direct on-site meetings with end-users are possible. Appointments with economic and foreign trade officials are made easily and are strictly observed. The duration of negotiations has lengthened because of Plan modifications and financial difficulties.

There has been no increase in the number of Western firms represented in Poland during the reporting period. The government appears to be reviewing more carefully, and re-classifying, applications for renewal.

Office space, housing and hotel accommodation are all in very short supply and when available are extremely expensive. Construction of office buildings may alleviate shortages, which apply as well to telephone and telex installations. The situation is unlikely to improve until the end of 1981 when the LOT hotel in Warsaw is scheduled to open. More permanent living quarters are found after some delay among private owners for payment in hard currency, although such practices are illegal.

ANNEX to
C-M(81)37

-14-

The granting of a business visa is predicated on an official Polish invitation. Some comments referred to certain visa restrictions during the periods of internal unrest, although the situation has since normalized. Economic and commercial data is not always current, is incomplete, and does not permit thorough economic analyses. The government, however, has been more forthcoming in releasing information since the Gdansk agreement with Solidarity.

6. Romania

(a) General

The Romanian policy vis-à-vis the Final Act and its implementation record shows no significant changes. Although the government supports the application of the Final Act as a unitary whole, it places far more importance on security issues than on the other elements. It prefers to deal with economic issues on a bilateral basis.

The government has shown a positive willingness to discuss issues of human rights and humanitarian aspects, although the practical effect in both fields remains rather limited. The Romanian policy has been influenced by the developments in Poland. The economic factors in the crisis have compounded Romanian concern about their growing external debt and have no doubt influenced the payments and counter-trade situation. The government fears contamination and they fear that the success of Solidarnosc could act as a catalyst for latent popular discontent with a tough internal régime and shortages of food, consumer goods and housing. There has been a perceptible increase in the activity of the police and security police, manifesting itself for example in more frequent car checks, in interception of mail, harassment and capricious behaviour. At the same time, the authorities have tried, by basically cosmetic devices, to make the system appear to respond to the wants and needs of the population.

- (b) (i) Principles. No improvement in the field of human rights and fundamental freedoms has been noted. Harassment of applicants for emigration continues. Two former leaders of the Free Trade Union of Romanian Working Men (SLOMR) Brasovecnu and Cana, have now been released from prison and will probably emigrate. The dissident priest, Father Calcin, remains in prison, on charges which are unknown. There is accumulating evidence of substantial interception of mail between Romania and Western countries. Authorities seem to be particularly looking for letters expressing dissatisfaction with the current internal situation.

(ii) Confidence-Building Measures. No manoeuvres were notified nor were observers exchanged.

(c) Economic Co-operation

Concern over the Polish situation has caused the Romanian government to consider its own foreign indebtedness more seriously. In order to conserve its modest hard currency reserves and to redress a worsening trade deficit, the Romanian government has been limiting imports from non-socialist countries, and obliging Western exporters to accept payment through the counter-purchase of Romanian goods. A new and complex Foreign Trade Law, which came into effect on 1st January 1981, is designed primarily to correct trade imbalances by reducing imports to the level of exports. This legislation will undoubtedly reduce the number of contracts concluded and further prolong the period of negotiations. There appears to be renewed emphasis for expanding trade within CMEA - a trend reflected in the new Five Year Plan. Co-operation in granting access to Romanian officials has been noteworthy. Contacts remain excellent at all levels and with prior notice, meetings can be arranged with senior members of the government.

The number of Western business offices in Bucharest increased during 1980 with the addition of 6 more American firms. Processing applications for establishing Western business offices takes at least 6 to 8 months. In one case, final authorization was predicated on a firm's agreement to accept 100% counter-trade in return for its sales, which was later reduced to the company's undertaking to try to absorb such counter-trade. Moreover, the 8.6% upward revaluation of the Romanian leu against the US dollar in February 1981 - a move designed to earn more foreign exchange - has made business operations more expensive.

Office space is usually offered in centrally located hotels or on the premises of the Romanian commercial agency Argus. Locally engaged staff must also be hired through the latter organization. Hotel accommodation remains tight and prices are commonly at West European rates. A new large central hotel is expected to open later this year in Bucharest. Due to a general housing shortage, obtaining adequate living quarters in Bucharest is difficult and time-consuming. Quality is often inferior despite rents comparable to West European standards which were subject to 30-70% increases over 1980.

There are no reported changes for the issuance of business visas. The Romanian government recently fixed the number of automobiles imported on a temporary duty-free basis for business purposes at two per firm. Western businessmen are required to post a 100% deposit of purchase price on the importation of personal vehicles as a guarantee against re-export. Customs duties have been raised by 50% on imported foodstuffs during 1980.

ANNEX to
C-M(81)37

-16-

The principal source of statistical data, the "Statistical Yearbook", usually published annually in October or November and covering the previous year, did not appear until January 1981 with 1979 statistics. A more condensed and timely communiqué precedes the Yearbook, although the 1980 version was more abbreviated in its coverage of economic results. Data on the performance of industrial sectors was omitted and foreign trade statistics were expressed in a new format making comparison with previous data and translation into hard currency impossible. Since June 1980, the Romanian government has provided the IMF with information for inclusion in the "International Financial Statistics", although gaps in par rate/ and market rate conversion are prevalent. The Romanian government began in 1980 to provide certain Western governments with computer printouts on its bilateral trade. The authorities distribute a range of six publications in several languages for business people containing general information and tips on conducting business in Romania. Since early September 1980, updated versions have appeared to reflect the recent reorganization in the Economic Ministries and enterprises.

The previously mentioned new foreign trade laws have caused a slowdown in payments on import contracts, and in the conclusion of new ones. Investment in this area will be curtailed for at least the period 1981-82. The overall scope of such legislation, however, is to reorganize the foreign trade enterprises and production units to operate more on a profit and loss basis, to institutionalize counter-trade and to provide both incentives and penalties in the production of exports. Two further joint ventures were concluded with American firms and several more are being discussed in the area of marketing. Similar arrangements exist between the Romanian State Insurance Company and some American companies. Romanian interest continues for co-operation in third country markets, particularly in the development of natural resources. A memorandum of understanding was signed in 1979 between Eximbank and the Romanian Bank of Foreign Trade relating to the financing of such deals, although to date none has been executed with American firms.

(d) Human Contacts

In the field of human contacts, there were no significant changes. The administrative arrangements remain complicated and cumbersome. Solution of humanitarian cases remains, to a large extent, dependent on high level or continued bilateral pressure.

(e) Information

In the field of information, there has been no perceived change in Romanian policy. The availability of Western newspapers remains practically nil. However, there appears to have been no

decline in the quantity of Western material shown on Romanian TV and in the cinemas as had been feared, following strictures from President Ceausescu in September 1980. The reception of foreign journalists remains, from a technical point of view, rather satisfactory, although access to sources remains, in general, difficult. The British Embassy in Bucharest reports some improvement due to a new procedure introduced by the Embassy by which journalists submit a list of calls by telex before their visits. The Embassy keeps check on progress made in preparing the programmes.

(f) Cultural and Educational Co-operation

Cultural co-operation continues to develop smoothly and is generally encouraged by the government within an official framework and subject to financial limits. A distinct tendency towards solo artists rather than expensive orchestras and large groups was noted. With regard to educational exchanges, the attitude of the Ministry of Education continues to be unhelpful and obstructive.

7. Soviet Union

(a) General

During the period under review the Soviet implementation of the principles and provisions of the Final Act was either unchanged or deteriorated. The Declaration of Principles was violated implicitly by the pressure, politically and military, put on Poland. The suppressive actions in Afghanistan continued. Actions against dissidents continued unabated.

Working conditions for businessmen worsened. Also Soviet performance on family reunification deteriorated. On the whole, it must be concluded that, despite the ongoing Madrid Meeting, there has been no evidence in the past six months of a Soviet effort to improve its implementation record in any substantial manner.

- (b) (i) Principles. The Soviet Union continues to violate most of the principles of the Final Act by its actions in Afghanistan. Moreover, the repetitive references to the Brezhnev doctrine and the holding of manoeuvres in and around Poland in order to influence developments in that country can be considered as infractions of, in particular, Principle II, Refraining from the threat or use of force, Principle VI, Non-intervention in internal affairs (by armed intervention, or the threat of such intervention, or any other act of military or of political, economic or other coercion) and Principle VIII, Self-determination.

ANNEX to
C-M(81)37

-18-

In the field of human rights and fundamental freedoms the repression of dissidents continued. The arrest of F. Serebrov on 8th January reduced the active membership of the Moscow Helsinki Monitoring Group to 4. On 30th December, L. Ternovsky, another relatively new member was given a 3 year sentence. Nevertheless, the Moscow group is known to have issued at least 3 documents in the period under review, 2 of them concerned with individuals and the third with the repression of Kiev refuseniks.

In the Ukraine, O. Meshko was recommitted to a mental hospital on 13th November and later evidently transferred to a prison. At the end of March, Tatyana Ossipova, another member of the Moscow group, was put on trial after a detention of over 10 months and sentenced to 5 years camp and 5 years exile. Access to the trial by Western observers was denied. Recent arrests of dissidents include those of Anatoly Marchenko and Ivan Kardya of the Ukrainian Helsinki monitoring group. Others have been recently called in for questioning or had their premises searched. Because of repression by Soviet authorities, there are now no members of the Psychiatric Abuses Commission remaining at liberty. Also refuseniks, nationalists, religious groups and members of SMOT have suffered from police harassment. After the expulsion of 4 feminists during the previous reporting period the suppression of women active in promoting women's rights continued. In Leningrad a feminist was sentenced to 10 months prison in January 1981. Several others were harassed during the period under review. Jewish emigration rate for 1980 as a whole was substantially down on the 1979 figure. A marked increase in early February in visas granted to first-time Jewish applicants - during the run-up to the 26th Party Congress - proved to be a temporary phenomenon confined to Moscow, which did not, in any case, extend to long-term refuseniks.

- (ii) Confidence-Building Measures. No manoeuvres were notified nor did the Soviet Union exchange observers.

(c) Economic Co-operation

Business conditions for Western firms in Moscow worsened over the reporting period as a result of measures taken by the UPDK, the Soviet organization providing services to foreign embassies and businesses. Effective as of 25th March 1981, foreign companies have to pay their locally engaged staff in the following manner: an overall 10% increase in each employee's monthly salary to cover social costs and living needs and a sum equivalent to 2½ months salary (now reduced to one month) per employee to be deposited in a non-interest bearing account as a guarantee to settle any outstanding financial claims upon termination of employment. Wages are henceforth to be paid into the UPDK's bank account in the Foreign Trade Bank, whereupon the UPDK releases the money to the employees. Companies were obliged to concede to such terms or have their Soviet personnel withdrawn. Rents for office space and living quarters increased in the order of 40-60% during the period under review to bring them into line with the monthly rate of 26 rubles per square metre in the International Trade Centre, which is still 50% unoccupied. This complex contains not only offices, but also housing for long-term resident business people as well as a modern hotel for short-term visitors. Direct international dialling, installed for the Olympic Games has since been on the wane and is mostly available only in the International Trade Centre.

During the reporting period, one West German company (bringing the number of West German firms to 31) and one American - the Chilewich Corporation, received accreditation.

Access to Soviet economic and commercial officials remains very difficult. Similarly, there has been no improvement in the quantity and quality of information. The "guidelines" for the Five Year Plan, discussed and ratified at the 26th Party Congress in March 1981, set highly optimistic targets. Agricultural data covers mainly the public sector and republic and oblast level statistics are not readily available in Moscow. Information on Soviet foreign trade is usually circulated in the first half of the following year and is calculated either in price or volume terms. Gaps often occur in listing the sources and destinations of imports and exports. The Annual Yearbook, appearing in October following the end of the calendar year covered, lacked output figures for non-ferrous metals and other commodities bearing strategic implications.

(d) Human Contacts

The Soviet performance in the field of human contacts remains unsatisfactory. During the period under review, a marked deterioration was noted with regard to family visits and family reunification. In general, Soviet authorities have been

ANNEX to
C-M(81)37

-20-

increasingly stringent in granting exit permission for family reunification. The Soviet government regards a desire to leave the country as tantamount to treason and is willing to subject applicants to whatever forms of discrimination it deems appropriate to the individual case. Most emigration from the Soviet Union is limited to three ethnic groups, Jews, Armenians and Germans. Emigration of all three groups has declined in the period under review. It is not possible to assess accurately the new number of Soviet citizens who unsuccessfully sought emigration for the purpose of family reunification, but the total number is estimated to be several thousands. Concerning travel, the Soviet policy has not changed significantly and remained very restrictive, also during the on-going Madrid Meeting, which contrasts with the improved performance during the Belgrade Meeting.

It was noted that the monthly number of travel permissions was on three occasions during the period under review lower than at any time during the last 6 years. At the same time it was reported that visits to sports events in non-socialist countries have doubled.

(e) Information

In the field of information no significant changes took place. The Voice of America and the BBC broadcasts in Russian and other Soviet languages continue to be jammed, although there is evidence that some VOA broadcasts in these languages are audible. Their English language broadcasts are not jammed. All broadcasts from Radio Liberty are jammed. Also broadcasts from die Deutsche Welle continue to be jammed. The availability of newspapers and periodicals remains minimal. Accreditation of Western journalists remains very difficult. Harassment of journalists continues although no major incidents took place. A Washington Post correspondent was personally convoked to the Ministry of Foreign Affairs to receive a complaint about his reporting on labour conditions in Donetsk; this was the first time since 1978 that a correspondent had been called directly to the Ministry to receive a protest. In addition, there were several cases of confiscation of photographic material, and a journalist was detained for two hours by militia while filming in Donetsk. In a broader sense, the press division of the Ministry of Foreign Affairs seemed generally inclined to co-operate where possible in meeting correspondents' requests. The new Press Centre which was used during the 26th Party Congress has good technical facilities.

(f) Cultural and Educational Co-operation

The cultural and educational co-operation remained at a very low level. There is a positive interest in book exhibitions. With regard to access to archives, recent problems have been reported with access at the Lenin library in Moscow, but this seems to reflect local circumstances rather than an overall hardening of policy.