

CONSEIL DE L'ATLANTIQUE NORD
NORTH ATLANTIC COUNCIL

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

EXEMPLAIRE

COPY

N°

309

ORIGINAL: ENGLISH/FRENCH
26th November, 1981

DOCUMENT
C-M(81)78

REPORT ON THE IMPLEMENTATION OF THE
FINAL ACT OF THE CSCE

REVIEW OF IMPLEMENTATION

Note by the Secretary General

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

2. This report is a follow-up to the Twelfth Report prepared in May 1981(1) and covers the period 1st May, 1981 to 15th October, 1981.

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

(Signed) Joseph M.A.H. LUNS

NATO,
1110 Brussels.

This document includes: 1 Annex

(1) C-M(81)37

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

IMPLEMENTATION OF THE FINAL ACT OF THE CSCE

Thirteenth Report by the Political Committee
(1st May, 1981 - 15th October, 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 thirteenth such report and covers the period from 1st May, 1981 until 15th October, 1981(1).

II. General assessment of implementation by Eastern European countries and the Soviet Union

3. During the period under review the records of implementation of the Final Act of Eastern European countries and the Soviet Union showed either little change or a deterioration from previous periods reviewed.

4. An exception is Poland where as a result of Solidarity's activities internal liberalization has occurred. As the situation in Poland, however, is uncertain it is too soon to make any assessment of changes in Polish implementation. The events in Poland have brought pressure on other East European countries and have brought about a hardening of policies on internal matters and have thus had a negative effect on implementation. This is noticeable in the cases of Czechoslovakia, the German Democratic Republic, Hungary and Romania.

Declaration of Principles Governing Relations between Participating States

5. The Soviet Union continues to try to subjugate Afghanistan by force and there is no indication of a Soviet withdrawal from that country.

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

C-M(81)78

-3-

6. Attempts are being made by the Soviet Union, Czechoslovakia and the German Democratic Republic to influence events in Poland. This has been done in various forms by official institutions and official controlled organizations, with the emphasis on socialist internationalism and the Brezhnev Doctrine.

7. The repression of dissidents in Czechoslovakia and in the Soviet Union has continued. Czechoslovak authorities are still detaining seven persons (charged with subversion) associated with the Committee for the Defence of the Unjustly Persecuted. Members of Charter 77 were detained, including former Foreign Minister Jiri Hajek. A spokesman for the Charter 77 Group, Rudolf Battek has been sentenced to five and a half years of imprisonment. Six Catholic priests and activists were also arrested and sentenced. In the Soviet Union, arrests of members of the Moscow Helsinki Monitoring Group have continued. The repression of political and religious dissenters has continued unabated. Dissenters of all kinds have been affected but the Soviet authorities have cracked down particularly hard on human rights activists such as Helsinki monitoring groups, religious activists, non-Russian minorities and Jewish activists. Jewish and ethnic German emigration is expected to fall to its lowest level in ten years. Currency regulations have also been tightened, making emigration more difficult even for those who have obtained the necessary documents. There are growing signs of intimidation and pressure being used on prospective emigrés.

Confidence Building Measures

8. The most noteworthy event in the security field since the last review has been the Exercise Zapad 81, lasting from 4th September to 12th September, 1981, in the Western part of the Soviet Union. A controversy centred on the question of the completeness of the Soviet notification of the Exercise.

9. There are no reports that other major military exercises took place in Eastern Europe during the review period.

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

10. As 1981 progressed, economic developments in Eastern Europe further crystallized, thereby conditioning the atmosphere for implementation of the chapter on Economic Co-operation. The situation worsened markedly in the Soviet Union where the arbitrary revocation of certain privileges has made day-to-day life for the resident business community substantially more difficult. The current political and economic climate in Czechoslovakia is such that the authorities, in some instances, have exhibited an aloof and unresponsive attitude toward Western commercial involvement. In its present chaotic state, Poland has been unable to pursue a definite economic policy, although it is nonetheless striving to

achieve a greater foreign trade activity. Poland's heavy debt servicing burden in 1982, despite probable rescheduling arrangements with Western and Eastern creditors will make any significant expansion unlikely. Concern over the Polish situation and mounting food shortages have caused the Romanians to consider their own foreign indebtedness and trade deficit by limiting imports from non-Socialist countries and obliging Western exporters to accept payment through counter-trade in Romanian goods. Despite the restructuring of the GDR's foreign trade bureaucracy in January 1981, which elevated the rôle of the Kombinats and subordinated that of the foreign trade organizations (FTO's), there is little tangible evidence that trading relations have actually improved. Hungary and Bulgaria are the only two countries which have shown a flexibility verging on "entrepreneurialism" in their dealings with Western business interests. The unification of the commercial and tourist exchange rates for the Hungarian forint and its eventual limited convertibility will facilitate financial transactions between hard and soft currency zones. The applications of Hungary and Poland for membership in the International Monetary Fund, which occurred during this period, are another development the economic repercussions of which are yet unclear.

Human Contacts

11. The performance in this field of Hungary and Poland remains satisfactory and there has been an increasing amount of tourism from Poland.

In the case of Czechoslovakia, there was no significant change from the last review period.

In the Romanian case, there is no change in this area from the last review period.

In Bulgaria, there is no improvement in family meetings and reunifications and bi-national marriages, although slight improvement was noted in tourism and travel.

In the German Democratic Republic, implementation remains poor although improvement in family reunification is noted. The border with Poland is still closed to normal traffic.

In the Soviet Union, a marked deterioration was noted of all aspects of implementation under human contacts.

The overall picture in Eastern European countries and the Soviet Union is that older people have a far greater chance of emigration and travel than young people have. For everyone, the process of getting the necessary documents remains relatively long and costly.

C-M(81)78

-5-

Information

12. Implementation in this field remains virtually unchanged. Eastern European governments maintain strict control over the dissemination of information coming from the West. It seems that materials produced by Western Communist Parties and organizations continue to form a substantial part of Western publications available in Eastern Europe. In all East European countries, the availability of commercial Western newspapers, periodicals, books and films remains minimal. Jamming of Western broadcasts in East European languages continues, particularly of Voice of America, Radio Free Europe, Radio Liberty, BBC and Die Deutsche Welle in Bulgaria, Czechoslovakia and the Soviet Union. No significant changes have been reported in the working conditions of Western journalists.

Co-operation and Exchange in the Field of Culture

13. No significant changes have been reported in this field.

Co-operation and Exchange in the Field of Education

14. Reports indicate either no significant change or that relations have narrowed and become more strained.

COUNTRY IMPLEMENTATION

1. Bulgaria

General

During the period under review, no significant changes in Bulgarian implementation of the Helsinki Final Act were noted. As in the past, the most significant element in Bulgaria's CSCE performance remains overall continuity despite the CSCE Follow-up meeting taking place in Madrid where Bulgaria has kept a low profile. Individual cases were solved in a positive way only after difficult high level bilateral negotiations.

Declaration of Principles

No significant changes or developments were reported and implementation here remains patchy.

Confidence Building Measures

There were no notifications of military manoeuvres by Bulgaria during the review period.

Economic Co-operation

The new foreign trade reforms granting authorization to individual firms may allow end-users greater participation in dealings between foreign trade organizations and foreign enterprises. The Bulgarian Industrial Association also appears to be a new potential channel for establishing contacts with end-users. Access still seems dependent on Bulgarian interest for a given product, but, nevertheless, contacts between Western businessmen and their Bulgarian counterparts have shown a marked improvement.

During the period under review, Rank Xerox opened a office-showroom in Sofia. The construction of a new building in Sofia should somewhat alleviate difficulties with office space. The competent State organization, Interpred, which already charges exorbitant rents, is reportedly going to raise its costs for services and supplies. Hotel vacancies have much improved through the opening of new luxury hotels in Sofia. Since September 1981, however, rates have risen 40%, becoming almost prohibitively expensive. Prices increased markedly during the Plovdiv Trade Fair, as well. A double and single room in a medium category, centrally located hotel cost DM.200 and DM.130 respectively. Prices for single rooms in better hotels can range up to DM.190 per night. Satisfactory living quarters are found only after considerable delay and in return for very high rents. Businessmen with their families are usually limited to two-bedroom apartments.

ANNEX to
C-M(81)78

-2-

The only difficulty reported concerning the issuing of visas is the problem of obtaining ones of multiple entry. The reason probably lies in the fact that some Western countries restrict travel by Bulgarian businessmen to single-entry visas.

The 1980 decree declaring a great amount of economic information as classified has inhibited wider publication and distribution of data. Statistics are noticeably lacking for imports of oil and raw materials. Reports on plan fulfilment and future developments are only available in extracts. In accordance with the Joint Agricultural Statement, an exchange of agricultural statistics occurred in September 1981 between the USDA and the Bulgarian National Agro-Industrial Union. At that time, the Bulgarians were unable to provide information on livestock and crop production.

Countertrade is not a fundamental issue in concluding contracts which correspond to areas of Bulgarian interest, i.e. the acquisition of advanced Western technology. In most cases, the quid pro quo offered from the Bulgarian side is insufficient. An agreement was signed with an American firm to study the feasibility of a major coal excavation project. Western response to the law on Joint Ventures has been cautious, particularly as the question regarding the repatriation in hard currency of profits earned in Bulgaria remains yet to be answered.

Co-operation in Humanitarian and Other Fields

Human Contacts

Implementation has not changed significantly. As before, travel to Western countries remains a privilege reserved for those who are regarded as trustworthy by the authorities. Family meetings and reunification and bi-national marriages are often only achieved after bilateral negotiations.

Information

A very limited number of Western publications are on sale in Bulgaria and these are only available to foreign visitors at selected hotels. Usually these are the organs of Western Communist Parties. Western films are occasionally shown on television and in theatres. As for jamming, almost all the Deutsche Welle and Radio Free Europe's Bulgarian broadcasts are jammed, but as a rule other broadcasts from Western Europe are not jammed.

Cultural and Educational Co-operation

Despite some increases in activity arising from the Bulgarian wish to mark their 1300th Anniversary, no significant changes in these areas were reported during the period under review.

2. Czechoslovakia

General

While Czechoslovakia continues to claim adherence to the Final Act, its implementation remains generally unsatisfactory and, during the review period has actually deteriorated. This applies in particular to Basket III and human rights and may well be a result of events in Poland.

Declaration of Principles

The Czechoslovak authorities sharpened their repression of dissidents and religious activists and a number of arrests were carried out and sentences passed. In spite of this, Charter 77 spokesmen continue to monitor and comment on the Government's failure to implement the Helsinki Final Act. In addition Czechoslovak press coverage of the events in Poland could be considered in violation of principles of the Final Act and official comments by Czechoslovak leaders could be regarded as interference in the internal affairs of the Polish State.

Confidence Building Measures

There were no notifications of military manoeuvres by Czechoslovakia during the review period.

Economic Co-operation

The Seventh Five-Year Plan (1981-1985) prescribes expanded trade contacts between Czechoslovakia and the Soviet Union as well as other CMEA countries. To curtail its balance of trade deficit, Czechoslovakia has adopted a very conservative attitude toward accepting Western credits. In cases where payment for Western goods must be rendered in cash, such imports are restricted according to their ability to generate exportable goods to the West. The limited amount of investment funds is apportioned to those enterprises in which imported Western machinery and technology can be rapidly installed to produce goods of competitive and exportable quality.

In reflection perhaps of this more restricted approach, access to the relevant Czechoslovak contacts has become increasingly guarded. The Czechoslovak foreign trade organizations, as the sole arbiters of such negotiations, have abused this monopoly by at times behaving in an obstructionist manner. Within the FTO's, the practice has been revived of reporting in writing every contact with Western firms whether it be a telephone call or visit. Similarly, there are indications that the Ministry of Foreign Trade is requiring foreign business people as well to document all their dealings with Czechoslovak enterprises. Such procedures not only result in considerable delays, but make it extremely difficult for new firms to grasp their complexities.

ANNEX to
C-M(81)78

-4-

The Diplomatic Services Bureau is responsible for the establishment of business offices and their outfitting with locally-engaged personnel, telephone and telex installations, as well as office equipment. Not only are costs formidable, but this particular government department is renowned for its delays, intransigence and shirking of responsibility in handling such matters.

There is an overall shortage of hotel space, but in Prague the problem is compounded by the inability or unwillingness of CEDOK (the Czechoslovak tourist agency) to provide timely confirmations of hotel reservations. Foreign visitors are obliged to pay in hard currency and are charged almost twice the price as Czechoslovak citizens. During the Brno Engineering Fair in September 1981, hotel rates skyrocketed to \$100 a night in comparison to \$40 in off-season. Complaints have been received regarding delays at border crossings and two incidents where entry was arbitrarily refused. Businessmen are subject to the same daily compulsory exchange rate as tourists and are granted no discount as in the GDR.

The publication and distribution of economic and commercial information continues to deteriorate, appearing after considerable delay and in insufficient detail. The official statistics service refuses to provide supplementary information even for facilitating on-going business negotiations.

The inscrutability and closed nature of Czechoslovak society render studies in market research and advertising virtually impossible. There is no open publicizing of tenders and favouritism is evident in their award.

Policies regarding economic and commercial co-operation remain the strictest among Eastern bloc countries - an example of which is the continued prohibition of joint ventures within Czechoslovakia. Decree No. 157/80 of the 6th November, 1980, supposedly simplifying the licensing process, limited the types of contracts to two Standard forms, which have been rejected by businessmen as affording too little protection.

Co-operation in Humanitarian and Other Fields

Human Contacts

Some progress was noted in family contacts and reunification. There has been a decline in visa applications which could be the result of financial hardship imposed by application procedures.

Information

The only Western publications that seem to be readily available are those of Western Communist Parties. A number of

Western films have been shown on television and in theatres. Radio Free Europe is jammed in Prague but it is possible to receive it outside the city. Voice of America is not jammed. No changes are reported in the working conditions of Western journalists.

Cultural and Educational Co-operation

Co-operation here remains limited and difficult and no substantial changes have taken place from the last review period.

3. German Democratic Republic

General

An increase in the minimum hard currency exchange requirement for visitors has not been lifted. Its effect has been to reduce substantially the number of visitors from Berlin (West) and the Federal Republic of Germany. Travel by GDR citizens to Poland remains restricted and there has been no relaxation of travel restrictions which apply to GDR citizens. Turkish citizens are still discriminated against in applying for one-day visas to Berlin (East) from Berlin (West.)

Declaration of Principles

There is no substantial change noted on implementation. Official disapproval of events in Poland continues to be expressed in the media and by members of the political leadership. There have been reports of people being imprisoned for sending money to Solidarity or expressing and advocating support for that organization.

Confidence Building Measures

There were no notifications of military manoeuvres by the GDR during the review period.

Economic Co-operation

The January 1981 reorganization of the foreign trade bureaucracy may have theoretically facilitated access to end-users by subordinating the foreign trade organizations to the industrial ministries and by integrating them with the Kombinate or industrial enterprises. At this stage, meetings are now possible with those directly responsible for production, delivery and supply. During the Leipzig Fair, it was possible to establish direct contacts between Western business interests and end-users but apart from this one occasion, there has been little actual improvement.

The American firm, Honeywell, received accreditation on 1st September and is the latest addition to the number of foreign firms operating in East Berlin. The leasing of business premises, living quarters and the obtaining of supplies and services must all be handled through the State-run Central Services Agency. Costs are high and unwarranted given the quality offered. Accommodation is ample in East Berlin, although business people are directed to reserve in the hard currency luxury hotels, provided vacancies are available. During the Trade Fair, the price of hotel accommodation in Leipzig rose considerably.

It is advisable to obtain a visa through the GDR organization to be visited, though such documents are readily issued at the airport or at check-points between West and East Berlin. Resident representatives may receive a multiple entry

ANNEX to
C-M(81)78

-7-

visa valid for twelve months and a commercial "personal identity card" for crossing between West and East Berlin. Non-resident business people are granted single or multiple entry visas for varying durations depending on the arrangements made by their GDR counterparts. The practice was noted again of GDR customs officials preventing the entry of certain sales literature.

Economic and commercial information has further deteriorated with the long over-due 1981 Statistical Pocketbook, covering economic performance in 1980, appearing only in October. Foreign trade statistics are indicated according to total trade turnover with certain countries and there is no individual breakdown for imports and exports. Directories of addresses and names of contacts have been revised and up-dated to reflect the changes in foreign trade organizations.

Except in on-going business relationships, little is divulged concerning projects envisaged during the planning period, making it difficult for Western firms to assess where GDR interests lie. Joint ventures are automatically ruled out as GDR law prohibits foreign ownership of a business or undertaking within the country. This, however, does not apply to such projects in third countries and three French firms have followed suit since the signing of an agreement in January 1981 clarifying such deals. As stated previously, stipulations for countertrade and buy-back features play an increasingly dominant rôle in co-operative arrangements, attributable largely to the GDR's lack of foreign currency.

Co-operation in Humanitarian and Other Fields

Human Contacts

Exit permits for GDR citizens continue to be granted only under narrow and rigid conditions which effectively limit ability to travel abroad to a very small percentage, mostly retirees, of the population. No significant changes have taken place with regard to family meetings and reunification and bi-national marriages.

Information

There has been no significant improvement in the field of information and access to and circulation and exchange of information remains under tight government control. Publications from the West available to the general public are those of Western Communist Parties and organizations. Western newspapers are available to foreign visitors at a few hotels. A number of Western films appear on the television and in theatres. There is no jamming of Western broadcasts to the GDR. Some West German journalists were refused entry into the GDR, where they had planned to cover public synod meetings of the Protestant Church and other journalists, although permanently accredited in Berlin (East)

were prevented from covering these meetings. An agreement was signed on 8th October, 1981, between the Italian and GDR Press Associations

Cultural and Educational Co-operation

The increased use of cultural and educational links has not resulted in any loosening of official monitoring and control. Exchanges and co-operation can only be arranged with official approval and are strictly monitored for political acceptability.

DECLASSIFIED - PUBLICLY DISCLOSED - PDN(2014)0006 - DÉCLASSIFIÉ - MIS EN LECTURE PUBLIQUE

4. Hungary

General

Hungarian policy on CSCE implementation remains fundamentally unchanged and Hungarian officials have expressed continued support for the CSCE process. The events in Poland have worried the Hungarian government but apart from increased vigilance vis-a-vis "anti socialist" activities there has not been any follow-up action on the Hungarian leadership's warnings to potential dissidents and no change in Hungary's internal policies has been noted.

Declaration of Principles

Official Hungarian reaction to the events in Poland grew increasingly critical, particularly after the Soviet Central Committee's letter to the Polish Central Committee in early June. The official Hungarian media has since then frequently denounced anti-socialist tendencies within Solidarity and condemned the results of the Solidarity Congress, rejecting in particular, the call for free Trade Unions in Eastern Europe. But for the moment official Hungarian statements continue to express support for the Poles to solve their own problems. The Hungarian reaction to the appeal of Solidarity concerning the establishment of independent Unions was remarkable as the official union leader Sandar Gasper offered to hold discussions with Solidarity, but it could not be excluded that this was a blunder on his part. Hungary maintained a relatively good record on human rights issues during the review period. The Attila Jozsef Circle that was dissolved in March of this year has been refounded with its old leadership. Its demands, however, for the removal of self-censorship and permission to publish an independent paper have not been granted.

Confidence Building Measures

There were no notifications of military manoeuvres by Hungary during the review period.

Economic Co-operation

Since 1979, Hungary has undertaken a continuing campaign of rationalization and delegation of planning and investment management to enterprises particularly in the sphere of foreign trade. Further benefits are foreseen from a possible union of the Ministries of Foreign and Domestic Trade. At the same time, the number of enterprises granted authorization to effect their own imports and exports directly without recourse to foreign trade organizations has increased from 110 to 130 during the reporting period. As more and more production enterprises have been granted trading rights, the end-users themselves are actively seeking foreign business partners. As of 1st October, 1981, Hungary abolished the difference between tourist and commercial exchange rates for the forint. The

ANNEX to
C-M(81)78

-10-

unified rate is re-adjusted weekly and is more in line with that of the free market. The Hungarian National Bank aims at introducing limited convertibility of the forint some time in early 1982 with some foreign trading companies having the right to hold accounts in convertible forints. As of January 1982, legislation will come into effect extending the size and number of small businesses which can be financed through private capital, offering them greater financial and material aid. The private agricultural sector was recently given special mention as part of an official effort to foster the more productive export sectors.

During the reporting period, the British firm, ICL, received accreditation and the Italian company Montedison opened its office in Budapest. The difficult situation for office space, living quarters and hotel accommodation is attributed to a genuine shortage and a weak infrastructure. Moreover, the status of foreign business people in Hungary is rather in legal limbo, as Hungarian laws do not formally apply to them and the relevant government ministries are reluctant to take the responsibility for decision-making. The tightness in hotel vacancies should be alleviated through the opening of the Hotel Forum, built in co-operation with the Austrians. Four new hotels, the Stadium, Atrium, Carolina and Buda are currently under construction. Despite more intensive trade activity, commercial and economic data is still not up to Western standards. Most information must be gleaned from an assortment of newspapers, journals and special economic publications.

Besides encouraging the constitution of joint ventures with foreign firms, the Hungarians are interested in collaboration on third markets. The government disputes allegations that there have, of late been more requests for countertrade and states that their ideal preference is for the marketing of products resulting from such co-operation either domestically or abroad.

Co-operation in Humanitarian and Other Fields

Human Contacts

Hungary remains rather liberal when compared to most other East European countries. Processing of necessary documents for emigration and travel is relatively quick and more and more Hungarians are travelling to Western countries.

Information

Hungarian authorities say that Western publications are on sale in Budapest in about forty locations and with a somewhat higher frequency than in the past. Currency restrictions make subscription by Hungarian nationals to Western publications impossible. A large number of Western

DECLASSIFIED - PUBLICLY DISCLOSED - PDN(2014)0006 - DÉCLASSIFIÉ - MIS EN LECTURE PUBLIQUE

films have been shown in theatres and on television. There is no evidence of jamming of Western broadcasts. Because of the 25th Anniversary of the 1956 Hungarian Revolution, there is great interest in Hungary among Western journalists and a large number of them have visited Hungary recently and have apparently not encountered any particular problems in obtaining travel permits and in interviewing people. A press agency has been set up for visiting journalists. It is too early at this stage to assess what influence this will have on the working conditions of Western journalists in Hungary.

Cultural and Educational Co-operation

The situation remains basically unchanged.

5. Poland

General

Since August 1980, pluralistic tendencies have developed in Polish society, including full establishment of independent Trade Unions, a greater freedom of expression in the media, regular publication of mass circulation union papers and broadcasts of Church services. Dissenting political views are tolerated except for criticism of the Soviet Union and the highest officials of the Polish Communist Party. Since the situation is still in flux the final outcome is unpredictable.

Declaration of Principles

Acknowledged political detainees remain limited to three members of the Confederation of Independent Poland. In general, the Polish authorities no longer treat their citizens, including outspoken dissidents, as they were handled before August 1980.

Confidence Building Measures

There were no notifications of military manoeuvres by Poland during the review period.

Economic Co-operation

Recurrent strikes and serious shortages of food, consumer goods and raw materials, afford little room for manoeuvrability in foreign trade. The crippling foreign debt burden and the hesitancy of Western banks to grant further credits, coupled with almost depleted foreign currency reserves act as a brake on the development of foreign trade. Efforts continue to draft viable economic reforms aimed at improving the general economic situation which ultimately could benefit commercial activities with the West, particularly in facilitating contacts with end-users. Meetings and visits to production sites have become more flexible, but actual negotiations are hampered by lack of a definite economic policy and frequent personnel changes in the relevant administrations.

No changes are reported in the number of representative offices operating in Poland. Hotel capacity is tight in Warsaw and outside the city area even less adequate. Business representatives often complain about the relatively high rates in return for unsatisfactory service. No improvement has occurred for more permanent residential space. The issuing of visas remains based on the same premise - a prior invitation from an official Polish organization.

The Poles have been offering more economic data in the context of multilateral debt rescheduling, which although insufficient in satisfying the requirements of creditors, contrasts favourably with their East European counterparts.

ANNEX to
C-M(81)78

-13-

No new developments have been reported in the realm of economic and commercial co-operation. Some easing of restrictions are presently being discussed in connection with the announced economic reforms; among which should be the allowing of private individuals resident abroad to participate in Polish small and medium sized enterprises.

Co-operation in Humanitarian and Other Fields

Human Contacts

Improvement in this area has continued with substantially greater numbers of passports being issued to Polish citizens and a large number of Poles have travelled to Western countries. Family reunification and emigration have continued to grow during the review period.

Cultural and Educational Co-operation

Exchanges in this field continue, but are somewhat hampered by limited financial resources on the Polish side.

DECLASSIFIED - PUBLICLY DISCLOSED - PDN(2014)0006 - DÉCLASSIFIÉ - MIS EN LECTURE PUBLIQUE

6. Romania

General

The review period has been characterised by mounting economic crises and by reactions to the events in Poland. This has brought about political and social pressure on the authorities. In the wake of events in Poland, steps have been taken to channel dissent through official organs and listen to some limited complaints. There have also been some cosmetic changes in enterprise management, but it remains to be seen how serious the authorities are about reform. There are no indications that central control is being relaxed.

Declaration of Principles

No significant developments took place during the review period, but it is noted that Romanian statements on Poland have been moderate compared with those of other East European governments.

Confidence Building Measures

There were no notifications of military manoeuvres by Romania during the review period.

Economic Co-operation

The serious economic situation in Romania, in particular her very limited hard currency reserves and increasing difficulties in obtaining foreign trade credits, has caused that country to reduce imports from the West and there are pressures to orient trade more towards CMEA. Romania's indebtedness and present problems with cash flows have resulted in more frequent and longer delays in payment to Western exporters. Economic realities and the laws of January 1981 (inhibiting investment and reorganizing foreign trade on a profit and loss basis) have significantly curtailed the conclusion of new import contracts and made requests for buy-back and counter-purchase more insistent.

Access to officials is excellent and, in most cases, immediate at all levels, although advance notice facilitates such meetings. Direct access to factories usually is not permitted. During 1981, the number of Western business offices in Bucharest continued to grow, but prospects for 1982 are less certain. Six to eight months is the usual period required for processing applications to establish business offices. Premises are mostly located in down-town hotels or in the Romanian government's commercial agency Argus. All types of accommodation in Romania have become more expensive, as rents and hotel rates have been progressively raised: since 1979, a 10% annual increase for apartments and in some instances 30-70% and as much as 100%.

ANNEX to
C-M(81)78

-15-

Despite the high prices, commensurate to those of Western Europe, the furnishings and facilities offered are often inferior. The 9% revaluation of the lei against the American dollar (now 11 lei per \$1 US) in February 1981 was based on global inflation rates rather than domestic cost factors and has made living in Romania additionally more expensive.

The fee for an entry visa is \$5 and business people are subject to the minimum compulsory daily exchange rate for tourists of \$10. Business representatives established in Romania are exempt, however.

The information disclosed directly to businessmen already involved in special projects is adequate, although official data is insufficient and subject to governmental or administrative approval. The 1980 report on economic performance was less complete and useful than in the past. Information relating to setting-up commercial contacts is more comprehensive and available than statistics. Since September 1980, six pamphlets of this nature have been up-dated to reflect the recent reorganization in economic ministries and enterprises.

The prime motivations for Romanian economic and commercial co-operation with the West are the acquisition of Western technology and opportunities for countertrade. Western firms are reluctant to engage in such arrangements and prefer projects for the development of raw resources in third country markets. Due to shortages of hard currency, the Romanians are seeking expanded trade with soft currency and clearing-agreement countries, thereby concentrating more on the Third World and CMEA.

Co-operation in Humanitarian and Other Fields

Human Contacts

There were no significant developments in this field during the review period. It is difficult for Romanian citizens to get the necessary documents to leave the country and rarely are entire families issued passports at the same time for visits abroad. A large number of Romanian applicants have been unsuccessful in obtaining the necessary documents for travel to the West. Applicants continue to be discouraged by local government and party organs which interview all applicants. It seems likely that many prospective applicants are thus discouraged from applying for fear of sanctions. Sanctions are often imposed on would-be emigrants both before and after they obtain passports and travel permits. For example, applicants are frequently faced with reduction in job status and wages and are occasionally dismissed from their jobs. Successful applicants must sell their property at set government rates and are not allowed to take any funds out of the country. They cannot depart without an entry visa from the country named on the exit visa, which may be one chosen by the authorities rather than that desired by the applicant.

Information

Very few Western newspapers are available in Romania, and only then in hotels for foreigners. A number of Western films are shown on television and in theatres. There are no reports of Western broadcasts being jammed. There is no noticeable change in the working conditions of journalists from the last review period.

Cultural and Educational Co-operation

There has been no substantial change from the last review period.

7. Soviet Union

General

Soviet implementation has continued to be unsatisfactory during the review period.

Declaration of Principles

The Soviet Union continues to use force in Afghanistan and has implicitly used the threat of force in an attempt to influence events in Poland. The campaign to suppress the different forms of active dissent which began in the autumn of 1979 has continued systematically. The Soviet authorities have been rounding up and trying human rights activists, religious believers, other dissidents and those seeking emigration. As a result, the human rights movement is now in a bad state in the Soviet Union, with only a few members still at liberty. The trial of two members in July of this year of the Moscow Helsinki Monitoring Group has reduced its active membership to three. Harassment by the authorities of leading dissidents, such as Andrei Sakharov continues. Numerous dissidents and refuseniks were arrested during the review period and now await trial. Soviet authorities have cracked down on religious activists and non-Russians seeking greater national or cultural rights, in particular Jews, Balts and ethnic Germans. Jewish emigration figures for the first eight months of 1981 showed a decline of 55% over the same period of 1980 with no sign of improvement for the remainder of the year. Ethnic German emigration is also going to be at the lowest level in many years. The crack down by the authorities on dissent has been accompanied by an ideological campaign aimed at curbing Western influence and strengthening the feeling among the population of obligations towards the Party.

Confidence Building Measures

On 14th August, CSCE signatories were informed of Soviet military manoeuvres to be held in the Baltic Sea and in the Byelorussian and Baltic military districts. The notification provided by the Soviets on Zapad 81, conducted on 4th September to 12th September, did not include information on numbers of troops, types of units etc. Enquiries on this at the Ministry of Foreign Affairs and the Ministry of Defence in Moscow by Western diplomatic missions were fruitless.

Economic Co-operation

Business working conditions worsened markedly during the reporting period. Access of economic and commercial representatives to their Soviet counterparts is limited and positive information is not always forthcoming when such meetings are arranged. One of the measures most affecting the resident foreign business community in Moscow was the revocation on 1st July, without prior warning, of the privilege to purchase Seriya "D" coupons. Paid for in hard currency,

ANNEX to
C-M(81)78

-18-

although expressed in ruble values, the coupons command considerable purchasing power in special supermarkets and department stores. Businessmen may now only use the hard currency supermarkets located in the World Trade Centre and in other parts of Moscow, where foodstuffs are sometimes 40% more expensive. Soviet legislation which came into force on 1st April, 1981, stipulated a centralised pay system for Soviet employees, with the result that foreign companies lost some of their control and flexibility in dealing with their Soviet staff.

During the period under review, there were no rent increases on either office space or living quarters, although it is suspected that these will eventually rise until in line with the more expensive rates charged in the World Trade Centre. Rental prices of 144 rubles per square metre per annum in the long-delayed apartment building for foreigners are significantly above those for existing accommodation. Rumours are circulating that the costs for utilities may go up 250% before the end of the year. Direct international dialling is available from only a few exchanges in Moscow and charges for overseas calls have since doubled.

Although no significant problem exists in the issuance of visas for business people and their third country employees, some firms have encountered difficulties in obtaining exit visas for their Soviet drivers to take company vehicles for servicing and repairs to Helsinki. Moreover, a rather annoying development occurred in June 1981 requiring foreign owners of Soviet registered vehicles to surrender their permanent license plates for temporary tags when leaving the Soviet Union by car. The costs involved for initial registration, de-registration and temporary export are 24 rubles, 25.50 rubles and 5.50 rubles respectively.

Information is unsatisfactory for most sectors of the economy. For the current Five-Year Plan nothing more is available than the "guidelines", as approved at the 26th Party Congress. The annual foreign trade handbook, covering the preceding year, usually available in the first week of July, appeared only in mid-August in limited numbers. The Annual Yearbook, usually released in October of the following year, has not yet appeared.

There will be no change in the near future regarding the realisation of joint equity participation of foreign firms in the USSR. Soviet policy appears to emphasize advantageous counter-trade and compensation arrangements through which they can minimise hard currency expenditures, expand export possibilities and retain greater control over operations.

Co-operation in Humanitarian and Other Fields

Human Contacts

Soviet performance in this category has, if anything, deteriorated during the review period and a general decline in emigration, including the Jewish, Armenian and ethnic German categories, has been noted in recent months. All applicants for emigration encounter some degree of harassment from officials and other kinds of harassment ranging from financial penalties such as loss of jobs, to being accosted by hooligans in the streets. Soviet performance on family reunification has sharply deteriorated during the review period. In some cases the Soviets have denied emigration requests simply on the grounds that "the state of East-West relations is poor". There are also numerous reports of Soviet failure to permit letters of invitation (required to obtain exit permission) to reach their intended recipients. The Soviets also continue to be unco-operative with regard to the problem of bi-national marriage cases. A press campaign has been launched by the Soviet authorities to convince prospective emigrants that life in the Soviet Union is better than in the West and to discourage bi-national marriages. There are no substantial changes in the poor performance of the Soviets in the categories of travel and tourism.

Information

The availability of Western publications is severely restricted except for Western Communist Party organs. Few Western films have been shown on television and in theatres. The Soviet authorities continue to jam virtually all Western broadcasts in Russian and other Soviet languages. No changes are reported in the working conditions of foreign journalists and access by Western journalists continues to be strictly limited.

Cultural and Educational Co-operation

Activity in this area remains at a low level. The recent Moscow Book Fair was claimed by the Soviet authorities to be a concrete response to the Helsinki Final Act. However, reports indicate that the number of Western publications was down from last year's Book Fair and Soviet authorities requested that a number of Western publications be withdrawn from the Fair. Numerous obstacles have been encountered in the field of scientific exchange.