

Schmidt and Andreotti Reach Common Approach to European-Wide Problems

Italian Prime Minister Giulio Andreotti has returned from his official visit of Jan. 17-19 to the Federal Republic of Germany. The two heads of state reached broad agreement on détente, the necessity of advancing both East-West and North-South relationships, the possibilities for granting credits for industrial development, and the defense of the lira, according to the Italian dailies *Il Popolo* and *Il Giorno* of January 20.

The commitment to increase production will also result in increased exports to the so-called Less Developed Countries (LDC).

On the vastly improved Italian-German relations themselves, Andreotti set the tone in an interview to the West German newspaper *Bild am Sonntag*. Andreotti stressed the importance of strengthening Italian-German relations on the common basis of their memberships in both NATO and the EEC, and noted Italy's desire to be a factor in assuring European peace and security. A major result of Andreotti's visit is West German agreement to support Italy economically, both in backing Italy's requests for IMF and EEC loans, and in investing in the underdeveloped Mezzogiorno region of Southern Italy.

Both countries have agreed to make strong efforts to work for peace in the Middle East and to guarantee Mediterranean security. As a followup, Schmidt will undertake a series of meetings with other European leaders to extend collaboration on peaceful economic development, beginning with his trip to London on Jan. 23, followed by a trip to Paris.

The Italian press has viewed the meeting between Andreotti and Schmidt as a welcome sign of the emergence of Schmidt from his formerly "provincial" attitudes toward European problems. *La Stampa* Jan. 15 noted that for the first time since the 1976 West German elections, "Bonn's international political machine has been put into motion." *L'Unità*, the Italian Communist Party daily, Jan. 19 said that Schmidt is no longer a right-wing anti-Italian, but has become capable of a European-wide point of view — and promptly dubbed him "Euro-Schmidt." *L'Unità* noted that "the visit represents a success because of the big change in the West German attitude toward our country — on this basis the collaboration between the two countries is now motivated by solidarity and friendship, not just necessity." *Avanti*, daily of the Italian Socialist Party, said that Schmidt has lost his provincialism and is now ready to support European industrial development as a yardstick by which he can measure policy decisions.

Chancellor Schmidt, in his report on his meeting with Andreotti before the Bundestag "cited Andreotti many

times in order to underline the agreement and above all the question of Europe and of its domestic and international freedom," *Il Giorno* reported Jan. 20.

A series of regular meetings between Italy and West Germany has been provided to further the concrete actions that will come about as a result of the discussions.

New Hansa Bank Formed

The West German economic daily *Handesblatt* announced Jan. 15 the formation of the Hansa Bank which will open April 1 in Luxembourg. The Hansa Bank which will specialize in expanding Baltic trade was formed on the agreement between Landesbank of Schleswig-Holstein, whose prime minister is pro-development West German industrialist Gerhard Stoltenberg, and Finland's third largest bank, the Bank of Helsinki.

Finland already has established trade in transferable rubles with its Soviet allies, therefore, this West German-Finnish bank could open up the way for the transferable ruble to become a means for European financing of trade and development with the Comecon sector.

Handesblatt also reported Jan. 15 the creation by Saudi Arabia of a \$6 billion fund which would be controlled by the Danish government and the Danish central bank. This fund would be used to finance large-scale infrastructure and industrial development in the Saudi peninsula. Construction of these projects would be carried out primarily by Danish, Swedish, West German, and Irish companies.

The newly instated government of Sweden — the lynchpin nation of Scandinavia — has begun to reorder its federal budget to allow for economic expansion. The new budget laid out by Economic Minister Gosta Bohman, at the Parliament assured continued social services and increase in outlays for nuclear fission energy and aerospace industries. The budget will be financed by a \$4.5 billion deficit.

This deficit spending is complemented by the maintenance of production in steel and shipbuilding in preparation for expanded trade with the Arabs and Comecon.

Swedish Industry Minister Nils Asling announced Jan. 17 the government would grant a debt moratorium to the large state-owned steel plant, NJA. This move follows Asling's decision last month to give state credit guarantees to allow four major shipyards to build ships in the absence of immediate orders.