

# Broad agreements reached between Bonn and Riyadh

by Susan Welsh

The central topic of West German Chancellor Helmut Schmidt's April 27-29 trip to Saudi Arabia was not the much-discussed possible sale of German Leopard II tanks to the Saudis. The real subject was a comprehensive economic and political cooperation package designed as a strategic intervention into the world's precarious political geometry.

This was a major purpose of Saudi Oil Minister Zaki Yamani's statement on American television April 19 that his country has engineered a glut of oil on the world markets in order to bring down the price of oil and stabilize the world monetary system. Yamani's surprise announcement came just after the launching of an unprecedented joint Franco-German \$6 billion loan to draw Saudi petrodollars from the money markets into low-interest credit for industrial recovery and energy development in those two countries.

At the conclusion of Schmidt's talks in Riyadh, he described Saudi Arabia as West Germany's most important partner outside the NATO alliance.

The results of the two-day meetings were impressive and far-reaching in scope:

**Economic development projects:** The Saudis are seeking help to rebuild the old "Baghdad Railroad," which from 1910-1917 linked the country to Western Europe via Iraq and Turkey. The railroad was destroyed by the marauding of British intelligence agent T. E. Lawrence ("Lawrence of Arabia").

The planned revival of the project is to take place in three phases. An agreement has been reached for German participation in \$10 billion worth of projects for the first phase: revamping of Saudi Arabia's own railway system. Later stages of the project will extend the railroad to Kuwait, the United Arab Emirates, Iraq, and then on to Turkey.

Said Schmidt in a television interview April 26: "The Saudis want to invest in railroads, roads, ports, airports, desalination, industrial facilities of all kinds." Yamani declared during the course of the talks in Riyadh that Saudi Arabia values German assistance particularly because of that country's "progress and dedication to science and technology in industry and defense."

In total, German firms anticipate orders worth 20

billion deutschemarks per year (\$9.5 billion) out of the total DM500 billion new Five-Year Plan. At the same time, the Dresdner Bank is currently working on proposed modification of existing laws limiting foreign investment, to facilitate the flow of Saudi billions into the German economy.

**Mideast peace settlement and the RDF:** Schmidt and the Saudis were in virtually complete agreement here, and the chancellor promised to brief President Reagan extensively on how the Saudis think the Mideast conflict can be solved, when he comes to Washington May 20. Bonn's policy, Schmidt said, is based on the concept of secured borders for all states concerned, full Israeli troop withdrawal from occupied territories, and self-determination of the Palestinian people. The Palestine Liberation Organization (PLO) should be included in Mideast peace talks, including a meeting this fall between foreign ministers of the Arab world and the European Common Market countries, he said.

Schmidt and the Saudis rejected Haig's contention that the Soviet Union is the greatest threat to the Mideast, agreeing instead that the Arab-Israeli conflict is the more fundamental threat to peace in the region.

Both sides rejected Haig's Rapid Deployment Force. As Schmidt argued in an interview with Saudi newspapers before leaving Bonn, the RDF concept is not feasible, since the Arab countries reject it.

**Antiterrorism cooperation.** German assistance will be given to Saudi Arabia in training an antiterrorism commando force. This indicates a concerted Franco-German deployment to prevent any "Iran-style" destabilization of the country; French security forces have been assisting Riyadh since last year's seizure of Mecca's Grand Mosque by Islamic fundamentalists.

**Arms deal.** Although Chancellor Schmidt supports the proposed arms deal, he has stated for several months that he does not yet see a majority in the German parliament that would vote for it, in view of a law against arms sales to "crisis zones." Schmidt's argument is that Saudi Arabia is not a crisis zone but a bulwark of stability in the Mideast—an argument which all of the above agreements will bolster. Schmidt advised the Saudis of the domestic opposition to the plan, and said that no decision could be made until the fall, after a thorough review in Bonn of arms sales policy. Schmidt and the Saudis avoided any linkage between the arms deal and other areas of cooperation, in order to concentrate on the chances of a Mideast peace settlement and the realization of Riyadh's Five-Year Plan, according to the West German business daily *Handelsblatt* April 29. Helmut Kohl, leader of the Christian Democratic Union in Bonn, declared that he would back the arms deal, as did former chairman of the Social Democratic youth organization Gerhard Schröder. Industrialists and the trade unions are likely to support it for economic reasons.