

Trade by Rainer Apel

Does Kohl know the stakes in Peru?

West Germany's Third World Ministry has broken the international boycott on new financing for Peru's economy.

A West German government delegation signed a development cooperation contract on Oct. 31 with the Peruvian government in Lima. The contract, which grants Peru 50 million deutschemarks in capital aid and another 21 million in technical aid for the improvement of the country's agricultural production, breaks the almost total credit embargo which the International Monetary Fund and the creditor governments have imposed on Peru.

Negotiations for the contract proceeded in a spirit of friendship. A spokesman for the German delegation, which was led by Bernhard Schweiger, who heads the Latin American Desk at the Bonn Third World Affairs Ministry, explained that "the delegation of the German government considers the priorities, which the Peruvian government has been taking for the economic and social development of the country, as extraordinarily positive. And it manifests its readiness to activate financial and technical cooperation, in order to assist the Peruvian government in the difficult situation it faces."

In his discussions with the Peruvian Economics Minister Luis Alva Castro and others, Schweiger emphasized that the Federal Republic of Germany was "on the side of her friend, Peru." He also said: "You are in a very difficult phase, and your economic and social development needs friends."

For Alva Castro, these warm statements must have been a welcome

change from the harsh attacks which West Germany's Finance Minister Gerhard Stoltenberg, had launched against the debt policy of President García at the recent IMF meeting in Seoul, South Korea. Stoltenberg had said it was intolerable that Third World leaders like García tried to bypass the IMF and the World Bank in the renegotiations of their debts with international vendors. He insisted on "strict monetary discipline" and "cooperation with the IMF."

This means that, within the German government of Chancellor Helmut Kohl, there are currently contending ways of looking at the situation in the developing sector. On the one hand, there is a political faction which is interested in improved relations with the Third World. Especially in Ibero-America, the image of the Federal Republic has been shaken ever since the German government took the side of the British in the Malvinas War. That was the doing of Bonn's Foreign Minister Hans-Dietrich Genscher, who led the European campaign for an economic and credit boycott against the Argentines. This was the same Genscher who put political pressure on Argentina's President Alfonsín in 1984 to give in to the creditors' conditionalities. Moreover, Argentina's currency reform, which installed the phony "Austral plan," was worked out by West German monetarist experts with the "mediation" of the Bonn Foreign Ministry.

As a result of this and similar pol-

icies toward other Ibero-American debtor countries, German exports of machinery into Ibero-America have now collapsed to one half of what they were in 1982.

A development policy expert in the governing Christian Democratic Party commented several days ago that "the German position down there is not very rosy now. With this Peruvian contract, we have a foot in the door, and García has surfaced as one of the leading spokesmen of a new policy in that region. It is good for us to have good relations to Peru, therefore."

The same comment, though in somewhat different wording, was made by spokesmen of Bonn's Third World Affairs Ministry. It was emphasized that García's program of agricultural reform was worth supporting. "We have no disagreement with García on this policy. The basic disagreement is on his policy against the IMF," said one spokesman, "but we see that García has the support of the majority of his people, and that the opposition against the IMF is very popular."

But officials of the IMF's local post in Bonn, the Finance Ministry, however, are planning to undermine the contract between Bonn and Lima. One such official commented that they did "not like this contract at all," but that the ministry had restrained from direct protest. "There are many ways of interfering with this contract, and after all, Peru does not have the money yet. It will take some time before it arrives in Lima," said another, "because we [the Finance Ministry] have the final say on every single deutschemark that flows abroad." Further, García's "general policy against the IMF and the creditors should not be honored. He must return to good terms with the creditors, and coordinate with the IMF and the World Bank. If he had his way, things would slip out of control."