

## Report from Bonn by Rainer Apel

### Arms deals: What about the British?

*With all the scandals under investigation, you'd think somebody would probe the hottest story of them all.*

**T**he black propaganda campaign against Germany in the British press these days is giving plenty of play to members of the "post-communist" PDS party of eastern Germany, to express their "anti-fascist" concerns about the increasing role of the unified Germany. This campaign should remind people of the "special relationship" that existed for many years between British intelligence and the East German communist regime.

The simple fact is that, before the turbulence of 1989, East German foreign intelligence, the HVA, had its biggest operational base in London, among western capitals. This is rarely mentioned in all those spy stories that have filled the pages of the press over the past four years. The fact that Royal Ordnance, the state-owned arms-producing complex in Britain, had special deals with IMES, East Germany's company for illegal arms sales to all parts of the world, hasn't caused much interest either, among journalists who have written entire books about Alexander Schalck-Golodkowski, the HVA officer in charge of the Commercial Coordination (KoKo) complex, the mother company of IMES.

The "special relationship" between eastern Germany and Britain seems to have survived the shifts of 1989. Heinz-Jürgen Kronberg, a Christian Democrat from Germany's east who sat on the special parliamentary committee for the investigation of the "Schalck" affair, hinted in a July 23 interview with the *Thüringer Allgemeine Zeitung* that "several firms" of the KoKo group were "sold by the Treuhand to former Schalck partners, like the Hotel Bellevue in Vienna, and

also to firms in the Netherlands and Britain."

This interview was one of the rare moments when western partners of Schalck, other than those in the banking enclave of Liechtenstein and in Switzerland, were mentioned. For lack of a commitment among the Bonn parliamentary parties to expose these activities of the 1980s, the public remains in the dark.

The case of the Austrian Communist Party and its "economic entities," which received substantial "donations" in the range of DM 1 billion from the East German communists in late 1989, is the subject of an official investigation by German authorities, at least. The cases of Liechtenstein and Switzerland, which featured a dense overlap, in the 1980s, of trading companies whose majority shares were controlled by Schalck's Koko, are being ignored, however. Yet precisely this aspect would provide leads into the "arms for hostages" deals that George Bush and collaborators such as Oliver North negotiated in October 1980.

There was, for example, a small company, Befisa S.A., in the Swiss town of Lugano, 93% of whose shares were held by a certain Manfred Seidel, the deputy boss of Schalck's KoKo. The same company controlled 100% of the shares of Inver Canary S.A., in Las Palmas, Canary Islands, and it controlled 95% of the Hotel Bellevue in Vienna. Seidel held 40% of Intrac S.A., also in Lugano, and another 40% of that company was held by the brothers G. and O. Hermann, who owned 5% of Befisa. This leads into Intrac Latina S.A. company

in Panama, one of whose major shareholders, K. Neubert, also appears as a major shareholder in the Central Trading Company of Beirut, Lebanon, which served as a transshipment point for illegal transfers of military goods to the Mideast and Central America.

These are just a few of the key persons and firms in the international arms-trading network that the East German KoKo controlled, and which served the plans of Oliver North as well as British arms dealers who preferred to work in the background.

Trying to look into that network is admittedly dangerous: German Christian Democrat Uwe Barschel was killed at the Geneva Beau Rivage Hotel in October 1987, when he tried to find out about arms deals that involved East German entities. He was killed the day that he intended to meet a man codenamed "Rohloff."

"Rohloff" was the name one Otto-kar Hermann had been assigned since 1965, according to the list of names of agents that East Germany's HVA maintained in the West. This was the same O. Hermann who was a shareholder with Manfred Seidel, in western trading companies established by the KoKo group. Shouldn't it be a priority for German investigators to find out who killed Barschel?

Yet neither the Bonn government, nor the parliamentary committee for the investigation of the "Schalck" complex, nor the legal authorities have shown any real interest in this track. Such an investigation would inevitably also expose British names, naturally, and that is exactly what has been blocked by the official "disinterest" of the Germans.

Maybe the next German parliament, which will be elected on Oct. 16, will include a few members who are less "Anglophile" and will be interested in a new parliamentary investigation.