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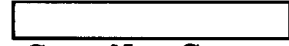
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CENTRAL

INTELLIGENCE

BULLETIN



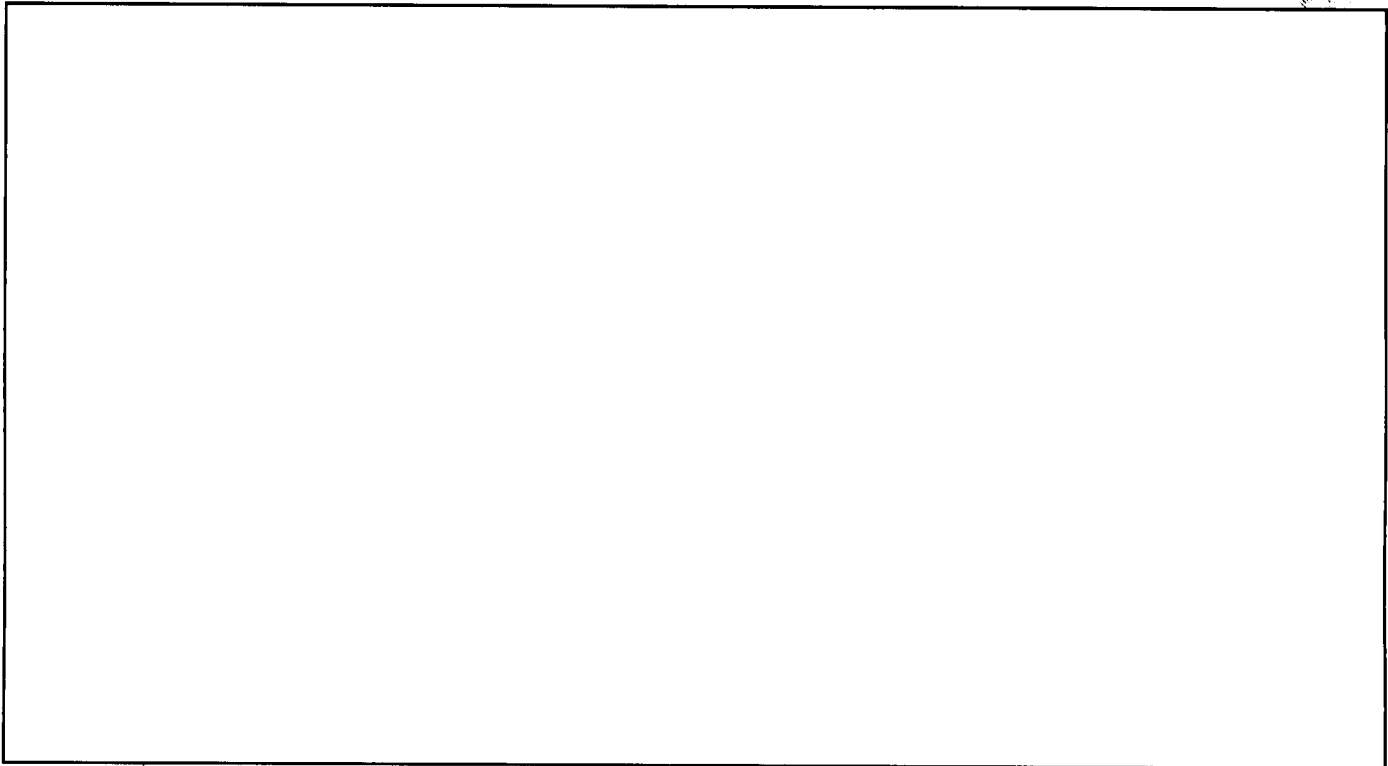
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State Dept. review completed

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East - West Germany: With the lifting on 1 May, after strong West German prodding, of certain tolls on barge traffic to Berlin, East Germany now has fulfilled most of the commitments on access to Berlin which it made last December in return for the West German agreement to reactivate the 1961 interzonal trade pact. East Germany has not, however, rescinded its claim to the right of control over West German traffic to Berlin and continues to enforce, albeit laxly, the requirement that West Germans secure passes to visit East Berlin. Although traffic between Berlin and West Germany now is moving with a minimum of interference, the regime could renew its harassing tactics on signal from Moscow, [redacted]

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DAILY BRIEF

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East Germany Completes Most of Steps to Facilitate Interzonal Trade

On 24 April 1958 the East Germans imposed an additional tax of about 70 cents a ton, based on carrying capacity, on West German and West Berlin barges using East German waterways. They explained that West Germany's construction of a dam on the Elbe River near Hamburg would necessitate extensive work on adjacent East German waterways to regulate the water level. The East German decision to abolish these additional tolls on 1 May was announced on 20 April, thus, in effect, meeting a West German deadline; Bonn had threatened to take retaliatory measures unless East Germany moved to reduce the tolls by 21 April. The smaller original tax for barges using East German rivers and canals and locks on these waterways will be continued.

In announcing the abolition of this tax, Neues Deutschland alleged on 21 April that the West German Government had pledged that further work on the Elbe River dam would not result in changes in East German waterways. The West Berlin press notes, however, that revenue from the increased barge tolls has amounted to approximately \$17,500,000--considerably in excess of the \$12,500,000 originally asked by the East Germans in 1958 as damages and costs to offset the rise in the Elbe water level after construction of the dam.

One other technical concession remains to be negotiated: that is to determine how much Bonn must pay for badly needed repair work on a bridge on the southern Autobahn near Hof. So far, East Germany's compliance with the terms of its December commitments has been secured only by Bonn's delay in delivering certain products badly needed by the East Germans.

Meanwhile, Neues Deutschland on 24 April attacked West Germany for interfering with interzonal trade, notably because it has issued revocable licenses for certain products exchanged under the trade pact. Such licenses, it alleged, cause "unbearable insecurity" in the execution of East German commercial contracts with West German firms. The editorial also declared



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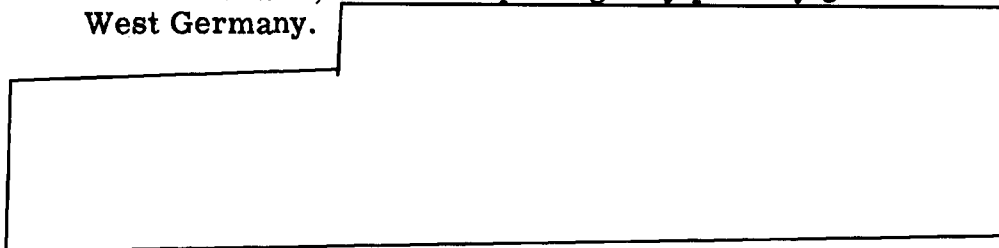
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that West Germany was delaying the implementation of import agreements made when the pact was renewed.

The Neues Deutschland editorial may be an attempt to camouflage East Germany's current difficulties in securing West German goods without paying hard currency. Kurt Leopold, the West German interzonal trade negotiator, noted that East Germany could not export enough products to pay for West German goods purchased under the trade pact, had practically exhausted available "swing" credits, had canceled some contracts, and was importing only priority goods from West Germany.

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