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# Soviet Security Policy Toward Austria

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An Intelligence Assessment

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SOV 88-10057CX

August 1988

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# Soviet Security Policy Toward Austria



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An Intelligence Assessment

This paper was prepared by [redacted] the  
Office of Soviet Analysis. Comments and queries are  
welcome and may be directed to the Chief,  
Regional Policy Division, SOVA [redacted]



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**Soviet Security Policy  
Toward Austria**



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**Key Judgments**

*Information available  
as of 20 July 1988  
was used in this report.*

The Soviet Union under Gorbachev has modified its policy toward Austria as part of a larger effort in Western Europe to demonstrate new flexibility and cooperation in foreign policy. Although the Soviets continue to hold Austria to a high standard of neutrality on sensitive bilateral issues—such as Vienna’s cooperation with the European Community (EC) and its acquisition of guided missiles—they appear to be exploring potential political and economic benefits they might gain from Austria’s increased cooperation with the West. Moscow’s policy reflects the tension between its desire to show greater tolerance on these issues and an interest in maintaining a restraining influence on Austrian policies affecting Soviet security interests.



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The Soviets view the status of Austria—together with that of other European neutrals—as one indicator of whether the postwar “correlation of forces” between East and West is being maintained. Austria, in particular, poses certain challenges to Soviet security interests. The Soviets see it as a potentially destabilizing influence on the East Europeans—particularly the Hungarians, who tend to view Austria as a political and economic model.



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In the Soviet view, this Western bias, combined with Austria’s strategic location, makes it unlikely that Austrian territory could remain outside a NATO-Pact war.



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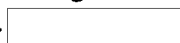
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The Soviets work both directly and through their East European allies in Austria to pursue broader security interests in Europe. Austria’s benign operational atmosphere is particularly important to the Soviets for the acquisition of restricted high technology and for the staging of intelligence operations targeting third (Western) countries. The Czechoslovaks and the Hungarians are the most effective surrogate representatives of Soviet security interests in Austria: both countries have aggressive programs to acquire science and technology equipment and information.



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As the Soviets continue to engage Western Europe on political, economic, and security matters, they will promote relations with smaller countries like Austria to demonstrate how cooperative relations could develop under Gorbachev’s concept of a “European house.” Thus, Moscow will publicly emphasize the closeness of bilateral ties (as witnessed by the current, unusually large number of high-level exchanges). Nevertheless, the Soviets will continue to press the Austrian Government—quietly, if possible—to prevent it from taking actions on key issues that go further than Moscow’s tolerance (and security interests) will allow.



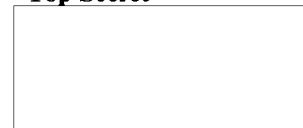
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**Scope Note**

This paper examines how Austria fits into Soviet security perceptions of Western Europe. It describes and analyzes the strategic opportunities and constraints Austria provides for Soviet policies toward Western Europe in both peacetime and in the event of a crisis or war. The paper focuses on the *security* area and on issues relating to Soviet security concerns; broader political, economic, and cultural relations between the two countries are treated only to the extent that they bear on the security issues.

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### Soviet Security Policy Toward Austria



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#### The Soviet View of the European Neutrals

Soviet relations with European neutrals appear to be most strongly influenced by their geographic location. This is reflected in Soviet treatment of Finland versus Sweden in Northern Europe and of Austria versus Switzerland in Central Europe: in both cases the first country clearly occupies the more sensitive territory in Soviet security calculations. Indeed, Finnish and Austrian security and economic policies are given more careful scrutiny—and more pointed commentary—by Soviet officials than those of all other European neutrals.



The Soviets do not consider individual European neutrals as military threats. Nevertheless, Moscow is sensitive to these countries' security positions because it regards the neutrals as swing players in East-West security dialogues and, in certain cases, as behavioral role models for other West European countries.

Moscow in particular views the status of Austria, Sweden, and Yugoslavia as a key indicator of whether or not the "correlation of forces" in Europe is being maintained. The Soviet leadership would view close association by any of these countries with NATO as indicative of a fundamental change not only in these countries' attitudes but, more important, in NATO's attitude and willingness to accept the postwar status quo in Europe.<sup>1</sup>



#### Austria's Importance to Soviet Security in Europe

On purely military grounds, Austria's strategic location in Central Europe makes it the most important neutral in Soviet security calculations.<sup>2</sup> This location—directly between NATO and Warsaw Pact

<sup>1</sup> The Soviets almost certainly consider a change in Sweden's relationship with NATO as a more realistic (albeit remote) possibility than a comparable change in Finland's status and thus, in this case, consider Sweden a more conclusive indicator.

<sup>2</sup> Another essential neutral is Finland, because of its location adjacent to the Soviet Union and Kola Peninsula.

the Soviets consider it less likely that NATO forces would use Finnish territory in a NATO-Pact war.



#### Soviet Views of Neutrality

Soviet public writings on the concept of neutrality correspond in many aspects to traditional Western ideas of neutrality. The Soviets, for example, confirm the traditional view that a neutral state has the right to use armed force in self-defense and that a neutral must remain impartial and unaligned militarily both in peacetime and in the event of a war between other states. Moreover, Soviet unclassified literature declares that the air, water, and territory of a neutral is "inviolable" and may not be used in a theater of military operations (TMO).



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The Soviet concept of neutrality appears to place a special emphasis on the responsibilities of neutral countries in international political, security, and economic forums. Particularly since the late 1950s, the Soviets appear to emphasize the neutral's right (in some writings, duty) to play an active role in the promotion of what in effect is the Soviet definition of world peace. This idea of the neutral as a promoter and team player in the Soviet pursuit of a world peace plan (characterized by diminished Western influence and "zones of peace" that enhance Soviet security) allows Moscow to identify interests and goals in common with the European neutrals. By stressing the neutrals' role as promoters of peace—the Soviets have repeatedly praised Finland for its role in the Conference on Security and Cooperation in Europe (CSCE)—Moscow holds up the neutrals as role models for peaceful coexistence of states with differing social systems.



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The Soviets have tried for years to maintain a sharp distinction between neutral participation in international organizations—which should be encouraged—and participation in economic or political groupings "related to military blocs." They have particularly objected to formal ties between neutrals and the European Community (EC).



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nations—along with Austria’s military weakness and decidedly Western orientation lead Soviet military planners to believe that Austria would almost certainly be drawn into a NATO-Pact war.

**Implementing Soviet Security Policy Toward Austria**

Because Austria is considered a “permanent” neutral (whose status has been confirmed by international ratification), the Soviets use the language of neutrality—specifically, references to the 1955 Austrian State Treaty (see figure 1)—when discussing Austrian security relations. They particularly use such terminology to register strong approval or disapproval for Austrian policies that affect key Soviet interests. For example, Soviet officials applaud Austria’s active participation and support for various East-West meetings as the exemplary role a neutral can play to promote East-West cooperation. At the same time, the Soviets criticize Austrian economic or security policies that run contrary to Moscow’s perceived interests as violations of either the spirit or the letter of the 1955 State Treaty

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**Austria’s Importance to Soviet Political and Economic Goals in Europe**

Although Austria’s strategic location is of primary concern to Soviet security planners, its role as a conduit of advanced Western technology to the East and its comparatively risk-free operational environment adds to its importance in Moscow’s security calculations. One clear benefit of the Soviet-Austrian relationship from the Soviet viewpoint is the convenience of Austria for intelligence operations. Austria’s central location and concept of neutrality—which involves actively seeking to arbitrate and host international forums—allow easy access to third-country officials, information, and technology.

Although the USSR is, we believe, satisfied with its overall relationship with Austria, Moscow keeps a careful eye on Austrian defense and trade policies that potentially could conflict with key Soviet interests. On such issues, the Soviets communicate their concerns directly through government channels, stressing their interest as a State Treaty signatory in Austria’s maintenance of untarnished neutrality. On less urgent issues, Moscow’s views are often conveyed informally, through Soviet officials and Soviet media “discussions” of Austrian neutrality issues.<sup>4</sup>

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**Soviet Use of Surrogates**

In addition to their direct communications with the Austrian Government, the Soviets pursue their security interests in Austria indirectly by attempting to influence public opinion and by supporting third parties who advance Soviet aspirations in Austria (see inset on page 6). Soviet active measures activities

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<sup>4</sup> Although Austria maintains that its neutrality is self-defined (and was unilaterally declared—not as part of the 1955 State Treaty), it is very sensitized to Soviet neutrality arguments concerning its policies and has tended to anticipate—and to be prepared—to address them.

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<sup>3</sup> Although Austria in 1987 agreed to tighten its export licensing system to encompass items listed by the Coordinating Committee for Multilateral Export Controls (COCOM), it is too early to judge the full consequences this action will have on technology diversion through Austria.

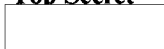
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*Soviet participation in international organizations provides some access to Western technology and to potential recruits who will return to sensitive business or government positions in their countries.*

*The Austrian Government's desire to avoid confrontation with the Soviet Government and to be a neutral meetingplace makes for a limited, rather unaggressive Austrian counterintelligence force. Espionage against third countries or even against Austria itself—except for specified Austrian military facilities—is not illegal under national statutes.*

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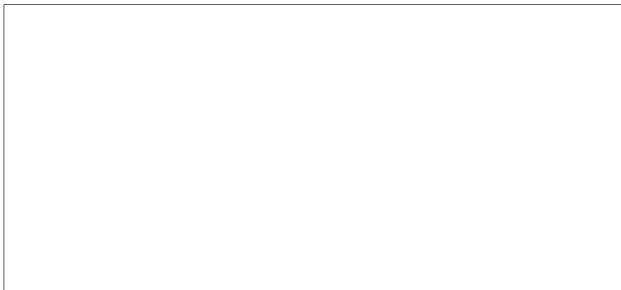
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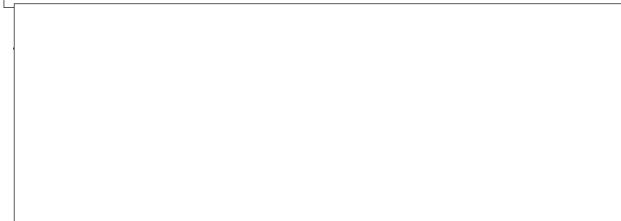
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*The Austrian attitude toward managing the espionage environment, as expressed by Interior Minister Karl Blecha, is that Austria is powerless to act against foreign spies "unless we seal our frontiers, which is impossible for a travel-oriented country like Austria." Until July 1986, visas were not required for foreign diplomats and officials, and thus there were no Austrian records of the flow of Soviet personnel in and out of the country. Even with the 1986 regulations, however, Austria's ability to monitor travel by diplomatic personnel is limited.*

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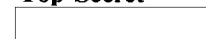
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in Austria in recent years have not proven a very effective way to influence Western public opinion. Indeed, the Soviet viewpoint has gotten better exposure in the Austrian press through regular media interviews of Soviet officials attending international meetings in Vienna. The primary means the Soviets have used to indirectly pursue security interests

in Austria has been to support the Austrian Communist Party (KPOe) and, with far greater success, to coordinate policies with Austria's eastern neighbors, Czechoslovakia and Hungary.

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**State Treaty for the Reestablishment of an Independent and Democratic Austria**

**Article 13**


**Prohibition of Special Weapons**

1. Austria shall not possess, construct or experiment with—*a) Any atomic weapon, b) any other major weapon adaptable now or in the future in mass destruction and defined as such by the appropriate organ of the United Nations, c) any self-propelled or guided missile or torpedoes, or apparatus connected with their discharge or control, d) sea mines, e) torpedoes capable of being manned, f) submarines or other submersible craft, g) motor torpedo boats, h) specialized types of assault craft, i) guns with a range of more than 30 kilometers, j) asphyxiating, vesicant or poisonous materials or biological substances in quantities greater than, or of types other than, are required for legitimate civil purposes, or any apparatus designed to produce, project or spread such materials or substances for war purposes.*


2. The Allied and Associated Powers reserve the right to add to this Article prohibitions of any weapons which may be evolved as a result of scientific development.



**The Austrian Communist Party (KPOe)**


The Soviets have not had tremendous success translating their close political and financial connections with the KPOe into effective influence on Austrian policies. Despite substantial Soviet financial backing since the Soviet withdrawal from Austria in 1955, the KPOe has consistently received less than 1 percent of the nation's vote in elections. Moreover, the number of KPOe member deaths reportedly continues to exceed the number of recruits. 

Despite its lack of political success, the financially secure KPOe maintains a large permanent staff in Vienna and publishes a daily newspaper, *Volksstimme*, which runs at a habitual operational deficit.

*Volksstimme* regularly features Soviet-line articles and serves as a mouthpiece for Soviet views on Austrian policies. However, *Volksstimme* does not appear to have the circulation or the prominence to effectively influence Austrian policies or even broader public opinion. 

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**The East Europeans as Surrogates**

The most effective surrogate representatives of Soviet security interests in Austria are Czechoslovakia and Hungary. The two areas in which these two countries' surrogate roles can most clearly be identified are in intelligence (both political and military) and trade. By using the connections of their East European allies to the Austrians, the Soviets are better able to gain access to people, information, and technology, as well as to share the costs and risks of intelligence and technology diversion activities. 

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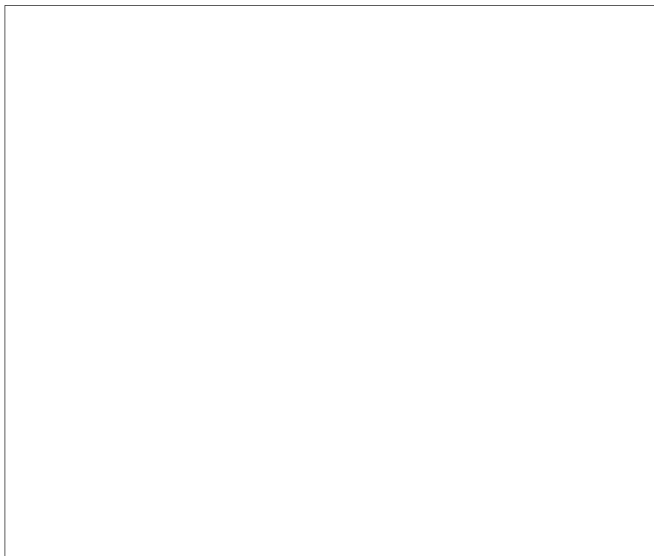


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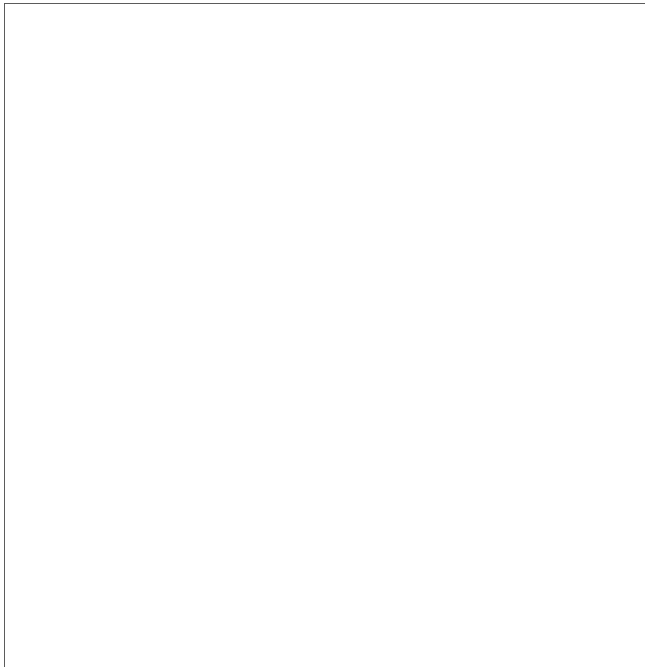


Figure 1. Signing of the Austrian State Treaty.

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[redacted] the Soviet Union under Gorbachev has authorized an expanded Hungarian opening to the West to gain better access to Western technology, both legally and through diversions. [redacted]

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<sup>7</sup> The practice of providing Soviet economic relief in exchange for Hungarian technology diversions predates Gorbachev, however. [redacted]

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<sup>8</sup> The election of Kurt Waldheim as President of Austria after disclosure of his activities as an Austrian officer during World War II, and the subsequent placement of Waldheim on the US Watch-list, has strained US-Austrian relations during 1987 and 1988. [redacted]

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<sup>6</sup> The Soviets have encouraged the Hungarians to pursue joint ventures with the West as a way to acquire restricted technology and [redacted] have set up a confidential joint commission to oversee these efforts. [redacted]

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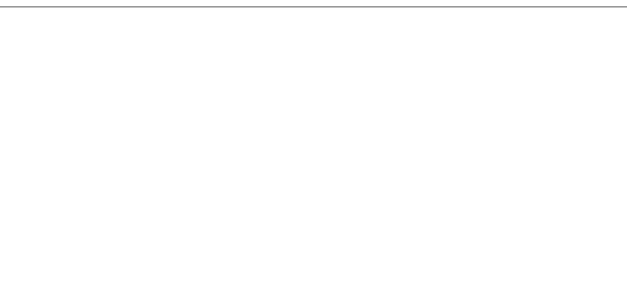
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### ***Soviet Active Measures in Austria: Two Case Studies in Disinformation***

*In recent years, Soviet active measures activities in Austria have not proved very helpful in courting Western public opinion. Two rather clumsy incidents in the 1980s, in fact, cast more suspicion on Soviet than on American activities:*

- The "Democratization in Communist States" Cable. *In early 1983 a forged document was sent to several West European missions as well as to the Austrian Chancellery in Vienna by someone—supposedly an American official in Austria—who claimed to want to show that "not all Americans accept the methods used by our government." The document was represented as an official State Department cable ordering the acceleration of a secret American plan to undermine Communist authority in the Bloc by infiltrating East European governments, academic institutions, and church organizations. According to the estimates of the US Embassy in Vienna, the document never came to the attention of the Austrian public.*
  - The Von Damm Forgery. *In February 1985, copies of a letter ostensibly written by US Ambassador to Austria Helene Von Damm to Austrian Defense Minister Frischenschlager were sent anonymously to several Austrian news publications. The publication of this "secret" document, printed on US Embassy stationery, precipitated much discussion in Austria because it asked the Defense Minister to make the Austrian air defense radar system available to NATO in the event of an emergency—a request that would run contrary to Austrian neutrality. An analysis of the Von Damm signature and an examination of the circumstances of the document's appearance—including the "coincidence" of its timing a few days before the first official visit to the United States by an Austrian president—led to a general consensus, even among the Austrian publications involved, that the letter was indeed a forgery.*
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### **Sensitive Issues in Soviet-Austrian Relations**

The Soviets over the years have displayed the greatest sensitivity—and exerted the greatest pressure—in bilateral relations with Austria on issues that affect their calculation of the East-West balance in Europe. Ever mindful of Austria's historical political, cultural, and economic ties to the West, the Soviets attempt to hold Austria to a high standard of neutrality. Apart from their concern over Austria's neutrality obligations, however, the Soviets attempt to block any Austrian policy that conflicts with their security interests. The resulting Soviet approach to Austria has been a mix of neutrality arguments and power politics.

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Since Gorbachev's accession to power, the Soviet Union has noticeably modified its approach to Austria, seemingly to narrow its focus and soften its approach to sensitive neutrality issues. This behavior toward Austria is part of a larger Soviet effort to demonstrate to Western Europe that the USSR is a European partner to be trusted in regional affairs as well as in broader security matters.

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The three issues in Soviet-Austrian affairs that have repeatedly elicited the strongest Soviet responses in the post-1955 period all affect Soviet national security interests: Austria's right to acquire guided missiles, its relationship with the European Community, and its cooperation with Western efforts to restrict sensitive technology transfers to the Bloc. The interplay between Moscow and Vienna on these issues reflects the

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underlying Soviet concern over an Austrian drift toward the West and illustrates how the Soviets seek to use the constraints of neutrality to check Austrian policies that conflict with their interests. [redacted]

### The Missile Acquisition Issue

The issue of Vienna's right to purchase tactical guided missiles stands out in Soviet-Austrian relations as a symbol of the Soviet Union's ability to influence Austria on defense and security matters. The nominal issue is whether the 1955 State Treaty permits the Austrian Government to acquire defensive surface-to-air missiles (SAMs) and antitank guided missiles, given a treaty prohibition (article 13) against the acquisition of "any self-propelled or guided missiles or torpedoes, or apparatus connected with their discharge or control." Although several other countries (including Finland, Hungary, and Italy) with similar postwar treaty clauses have set a precedent by acquiring defensive missiles, Austrian purchase attempts over the years—until this year—have largely foundered because of a combination of budget constraints, Soviet resistance, and a lack of political resolve to press the issue with the Soviets. [redacted]

The Soviet Union has three principal concerns about an Austrian acquisition of defensive missiles:

- A stronger Austrian defense is not in the Soviet interest. If Austria developed a force structure that made credible its professed defensive strategy of delaying an invader long enough to make it impractical to attack through Austrian territory, Pact military operations in Austria in the event of a NATO-Pact war would be more difficult.
- Austrian missile purchases could increase the prospects of defense collaboration between Austria and NATO. The Soviets have argued publicly that there should be no theoretical possibility of integrating Austria operationally into the NATO air defense system and have railed against alleged US plans to accomplish such an integration in violation of Austrian neutrality. The Soviet rationale appears to be that, if Austria improved its defenses with antitank and antiaircraft missiles, it might also take steps to secure its border areas through cooperation with West Germany or Italy.

- Because Austria has previously felt obliged to confer with the USSR on the possibility of acquiring missiles, the Soviets want to ensure that future defense decisions taken by the Austrian Government show the same deference to Soviet sensibilities. [redacted]

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The Soviets appear to have narrowed somewhat the terms of their opposition to Austrian missile acquisitions—from flat rejection in the past to some indications at present that they may, instead, insist on some control over which missiles the Austrians purchase.<sup>9</sup> The Soviet public response to the 1987 decision by the Austrian Government to purchase a limited number of defensive missiles in 1988 has been restrained compared with past years, with less frequent Soviet press invectives on the issue and, for the most part, Soviet warnings restricted to the possible purchase of US systems.<sup>10</sup> During Austrian Defense Minister Lichal's April 1988 trip to the Soviet Union, Soviet officials expressed skepticism about Austria's need for SAMs but offered no firm answer to an Austrian bid to purchase Soviet SAMs in 1988.<sup>11</sup> [redacted]

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### Economic Issues: The EC and Restrictions on Technology Transfer

Moscow has demonstrated some degree of sensitivity on two economic issues: Austria's relationship with the European Community (EC) and the strictness of Austria's enforcement of Western restrictions on technology transfer. The Soviet Union has lacked economic leverage with Austria (and with other neutrals) in

[redacted] the Czechoslovak Government in late 1987 gave the Austrian Government a few SA-7 SAMs "for evaluation"—an action that almost certainly was taken with Soviet approval. [redacted]

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<sup>10</sup> The warning against the acquisition of US systems has a precedent in the early 1980s, when the Soviets pressured the Austrian Government not to purchase the F-16 fighter interceptor, which the Soviets claimed would represent an offensive threat.

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<sup>11</sup> US Embassy reporting, based on discussions with Austrian officials who have met with Soviet officials on this issue, indicates that the Austrians believe that the Soviets in the end will not object, once consulted, to a small missile purchase from the Bloc, a neutral country, or both. [redacted]

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### **History of Austrian Attempts To Acquire Guided Missiles**

In 1955 the Austrian Government, like several other European postwar governments, signed a treaty containing a clause prohibiting the possession of any "self-propelled or guided missiles." Unlike these other governments (including Finland, Hungary, Italy, and Romania), however, Austria has not been forceful, until recently, in its willingness to reinterpret the clause to exclude defensive missiles and thus has not acquired a credible antitank or antiaircraft capability. [redacted]

The Austrians have broached the issue of missile acquisitions with the Soviets several times in the 1980s. In 1981 the Soviet response was a strident series of articles in the Soviet media and in *Volksstimme*, the Austrian Communist Party newspaper, and a statement by Soviet Defense Minister Ustinov that the terms of the State Treaty were "valid, plain, and unalterable." Again, in late 1985, Vienna tested Soviet sensibilities by considering the purchase of several hundred US Redeye short-range SAMs from surplus US stocks. Soviet press reaction was initially muted, a sign that some Austrian officials interpreted as a new flexibility in Soviet policy toward Austria under Gorbachev. By June 1986, however, after a study of high-technology alternatives to guided missiles (such as plasma and particle beam weapons) had delayed a decision on the missiles, Austrian resolve wavered amidst budgetary constraints and renewed Soviet press criticism of a potential Austrian purchase of SAMs as "an open attack" on the 1955 Treaty. [redacted]

In 1987 the Austrian Government mounted its most determined effort to date to acquire defensive missiles. It touted strong, multiparty political support

for acquisition and couched the issue in practical domestic and economic terms rather than as a legitimate issue under the terms of the State Treaty. In August 1987, Defense Minister Lichal publicly announced Austria's intention to purchase defensive missiles in 1988 despite an anticipated defense cut-back of 8 percent. During subsequent high-level Soviet-Austrian exchanges, the Soviets have been restrained in their treatment of the Austrian Government's stated plans, thus strengthening Austrian resolve and confidence in a purchase of defensive missiles in 1988.<sup>a</sup> [redacted]

Although an initial (probably small) purchase of missiles would not enable Austria to slow a Pact offensive, it would represent progress toward a realistic defense consensus in Austria. Vienna reportedly is interested in the US Stinger missile but might opt to make an initial purchase from the Soviet Union (or other Bloc countries), from a neutral (possibly Sweden), or from multiple sources to lessen potential Soviet objections.<sup>b</sup> With severe budget constraints predicted for 1988 and the repeated record of the Austrian Government moving toward—and then away from—missile acquisitions, a militarily significant purchase of missiles in the next couple of years is unlikely. [redacted]

<sup>a</sup> In April 1988 Austrian Defense Minister Lichal visited the Soviet Union and specifically raised the issue of acquiring Soviet SAMs with Soviet Defense Minister Yazov. According to subsequent conversations that Lichal had with US officials in Vienna, the Soviet reaction was uncertain, with officials indicating that a more studied political response would be forthcoming later in 1988. [redacted]

<sup>b</sup> Finland for years has had a policy of maintaining a mix in arms purchases from both East and West. [redacted]

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contrast with its strong military leverage.<sup>12</sup> Austrian-Bloc trade relations have not proved an attractive alternative to greater Austrian cooperation with other Western economies. Total Austrian exports to the members of the Council for Mutual Economic Assistance (CEMA) peaked at 17 percent of total Austrian exports in 1975 and declined to 9.6 percent (32.9 billion Austrian shillings) of total Austrian exports in 1986. Austrian imports from CEMA, mostly fuel and raw materials, also declined to 8.3 percent (33.9 billion Austrian shillings) of total Austrian imports in 1986 (see table 1). [redacted]

The Soviet approach to Austrian-EC flirtations over the years has been to put the Austrians (as other neutrals) on notice that the USSR would consider membership in the EC or close cooperation with the United States on COCOM export restrictions as a breach of neutrality. The Soviets have publicly and privately expressed concern over the specter of closer Austrian economic ties to an organization they have called "an essential basis for the Western military alliance." At times the Soviets' expressions of disapproval have been emphatic: an Austrian official in late 1984 reported that the USSR had privately warned Austria that close cooperation with US COCOM restrictions would result in the doubling of the price of Soviet natural gas for Austria and the cancellation of two Austrian construction contracts for projects in Eastern Europe.<sup>13</sup> [redacted]

Nevertheless, Soviet economic pressure has not deterred Austria from pursuing an economic course that increasingly parallels that of the EC and increasingly cooperates with the West on technology-transfer restrictions. The Austrian Government in July 1987 publicly agreed to tighten its export licensing system to encompass all exports of goods appearing on the COCOM commodities list, including in-transit

<sup>12</sup> Austria's stronger position in the economic sphere relative to the security area is not surprising and, in fact, parallels the experience of Bloc nations, which take advantage of better bargaining power with the Soviets in economic matters while having less room to maneuver in defense issues. [redacted]

<sup>13</sup> Austria, however, has also used the excuse of Soviet pressure to avoid policies that it found inconvenient for budgetary reasons. [redacted]

**Table 1**  
**Decline in Austrian-**  
**USSR/CEMA Trade Relations<sup>a</sup>**

*Percent of total*  
(except where noted)

	Austria-CEMA	Austria-USSR
<b>Austrian exports</b>		
1975	17.1 (high point)	
1978	13.7	3.1
1980	12.1	2.7
1983	12.1	3.9
1984	12.1	4.5
1985	11.0	3.8
1986	9.6	3.1
<b>Austrian imports</b>		
1978	8.8	3.8
1980	9.7	4.2
1983	10.5	4.3
1984	11.6	5.0
1985	10.6	4.5
1986	8.3	3.0
<b>Holdings of East European Debt</b> <i>(Percent of debt owed to West that Austria holds)</i>		
1986	10.9	

<sup>a</sup> During 1975-86 an average of 75 to 80 percent of Austrian imports from CEMA countries were fuel and raw materials.

goods.<sup>14</sup> Moreover, several Austrian officials have publicly acknowledged Austria's deliberate move to "participate in the substance of the EC," although the decision to apply for formal membership will be taken in 1989.<sup>15</sup> [redacted]

<sup>14</sup> This system is intended to address longstanding US complaints about technology diversion through Austria in hopes of bringing it to its goal, as articulated by Chancellor Vranitzky of "quasi-COCOM" membership status. The new amendment attaches the COCOM Dual-Use Technology List to the 1984 Foreign Trade law, requires export licenses for all goods on the list, and replaces the previous exemption for in-transit goods with an authorization for Austrian Customs to control these items. Its success in slowing restricted technology diversions through Austria may be limited by Austria's ability to direct adequate resources to enforcement and by COCOM members' willingness to request controls on goods being reexported through Austria. [redacted]

<sup>15</sup> One indicator of the visibility of the EC membership issue in Austria is reporting by the US Embassy in Vienna that, during the November 1987-February 1988 period, only six issues of Austria's most respected daily newspaper, *Die Presse*, did not contain an article on this issue. [redacted]

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The Soviet Union under Gorbachev appears to have reassessed its approach to Austria on these issues as part of a larger attempt to demonstrate a cooperative "new" spirit to West European governments. Moscow's realization of the inevitability of at least some Austrian trade and technology-transfer arrangements with other Western democracies, combined with a broader Soviet undertaking to engage those same West European governments and multilateral institutions (including the EC), appears to have contributed to some modification of the Soviet stance with Austria. Thus, whereas in previous years Austrian discussions of cooperation with COCOM restrictions have elicited a swift and predictable Soviet rebuke, the Soviets' rather muted reaction to Austria's 1987 tightening of export restrictions may reflect both a judgment in Moscow that this legislation would have only a marginal affect on its security interests and a realization of the limits of its leverage with Vienna on this issue. [redacted]

The Soviets appear to regard the EC issue as more central to their interests, and thus the tension between Moscow's desire to appear flexible and its need to maintain influence with Vienna on this issue has been more apparent. On one hand, the Soviets have tried to demonstrate flexibility in their statements on Austrian-EC ties by distinguishing between economic links, which they indicate are acceptable, and political-military links, which they still emphasize are forbidden by Austrian neutrality. In that spirit, during a July 1987 visit to Austria, Soviet Premier Ryzhkov reportedly emphasized "understanding" of Austria's expanded economic and scientific-technological ties to its Western neighbors and completely omitted any direct reference to its policy toward the EC or to COCOM restrictions (see figure 2). [redacted]

Nevertheless, as momentum has built in Austria in 1987-88 toward an EC application, Soviet officials have restated in rather strong terms their objections to full membership and have increased pressure on the Austrian Government to find an alternative solution that will avoid the political-military obligations of membership to which Moscow objects.<sup>16</sup> [redacted]

<sup>16</sup> Soviet Ambassador to Austria Gennadiy Shikin, Foreign Ministry Spokesman Gennadiy Gerasimov, and the Director of the Soviet Institute of World Economics and International Relations Yevgeniy Primakov have all made similar statements. [redacted]



Figure 2. Soviet Premier Ryzhkov With Austrian President Waldheim, July 1987 [redacted]

### Soviet Acquiescence on the Current Austrian Path: How Much Leeway?

Despite Moscow's more moderate response to recent Austrian assertions of independence on several important issues, the Soviets' positions clearly are not infinitely elastic. Although it appears that over the years the gray area in Soviet thinking between acceptable and unacceptable Austrian behavior has grown, certain criteria have remained unchanged: Austria's accession to the NATO alliance would be viewed by Moscow as an intolerable shift both in the correlation of forces and in NATO's attitude toward the status

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quo in Europe. Moreover, the Soviets will continue to oppose any Austrian actions that, in their view, call into question the East-West balance in Europe.

The Soviets also face constraints in their ability to work through East European surrogates in Austria: the benefits of increased Austrian-East European contacts must be weighed against the risks that exposure poses to Bloc stability.

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Regarding the ongoing Austria-EC issue, the Soviets probably are skeptical about the likelihood of a satisfactory (from their view) bilateral Austrian-EC solution, given what they see as the increasing orientation of the Community toward political-military issues and given statements by EC officials that no "special" individual memberships will be considered. Since a "regular" application with attached Austrian avowals of neutrality is unlikely to mollify Soviet objections, Moscow's preferred solution may be a larger "special" accord between the EC and the European Free Trade Association (EFTA), an organization that includes several European neutrals, including Austria.

The Soviets appear to have sufficient confidence at present in the ability of the Hungarians to maintain this balance. Nevertheless, Budapest's interests differ from Moscow's agenda in certain respects, and thus there are limits to the extent that the Soviets can achieve their goals working through the Hungarian relationship with Austria. Because Austrian-Czechoslovak relations have traditionally been cooler than Austrian-Hungarian ties, the Soviets also face constraints in their ability to work through Prague.

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**Outlook and Implications for the West**

As the Soviets reevaluate the tone and, to some extent, the substance of their relations with the West, they must manage the tension between trying to establish a political and economic climate that will allow the Soviet Union to improve its ability to develop and compete as a world power while maintaining the Soviet system and Soviet security. Because the Soviets have viewed Austria's balance between East and West as one indicator of their security position in Europe, they tend to view movement by Austria toward closer cooperation with the West and toward a stronger defense posture as an unwelcome trend.

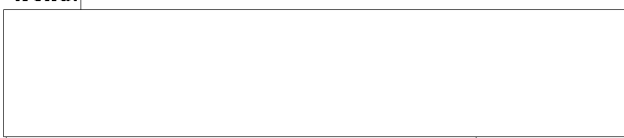
The Soviet perception of what role Austrian territory might play in a NATO-Pact war appears to have remained fairly consistent over the years, in large part because Soviet considerations are so strongly based on the strategic location of Austria in Central Europe. An improvement of Soviet-Austrian peacetime relations would probably not affect the Pact conviction that Austrian neutrality would have to be violated in the event of a war.

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The Soviets' ability to use a heavy hand in pursuit of security interests in Austria is increasingly constrained, however, by their limited leverage on Austrian domestic policy and by their own desire to project an image of moderation and flexibility in the West.

It is unlikely that an Austrian purchase of defensive tactical missiles would alter the Pact calculation that operations in Austria would be necessary in the event of war. Although Vienna's acquisition of a militarily significant number of missiles—something that is far from assured at this point—would indicate a stronger domestic will to defend Austria and maintain territorial neutrality in a war, the Austrians would have to make major, sustained improvements in their ability to deny the Danube Valley to either side in a conflict before the Soviets would be likely to see Austrian

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territory as less inviting for either NATO or Pact forces. Moreover, the continuing Soviet mistrust of Austria's will or ability to maintain neutrality in a major European war would prevent prudent Pact military planners from discounting this strategic territory. [Redacted]

As the USSR continues to engage Western Europe on political, economic, and security matters, the Soviets will promote relations with the European neutrals to show other Western countries how cooperative relations could develop under Gorbachev's concept of a "European house." Certain Soviet initiatives toward Austria and other European neutrals can be anticipated:

- Moscow will continue to challenge the Western view that neutrality obligations extend only to security affairs, and it will work to encourage the neutrals' active support for Soviet-sponsored "zones of peace" that would limit Western influence and promote Soviet interests in various world regions.
- Moscow will continue to explore the benefits, as well as the drawbacks, of Vienna's Western-leaning tendencies.
- By seeking to establish a common "peace" interest with the neutrals, Moscow will attempt to maintain and improve the positive tone of its relations with these countries as a more effective way to influence their policies than the negative approach of past years.

- Correspondingly, Moscow will try to avoid a negative campaign against any of Vienna's policies that do not clearly threaten Soviet security interests. Instead, the Soviets will work to increase Austria's political and economic ties to the East so that Vienna will consider greater cooperation with the Soviets in its own interests.

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- In public diplomacy, Moscow will continue to emphasize the role that small European states—specifically neutrals—can play to promote East-West cooperation.
- To some extent, the Soviets will try to use Austria as a way to gain better access to other Western countries, particularly in the economic area.<sup>18</sup>
- Moscow will continue to hold up the Austrian example as a possible behavioral model for other nations, stressing its cooperative, rather than heavily armed, approach to security. [Redacted]

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