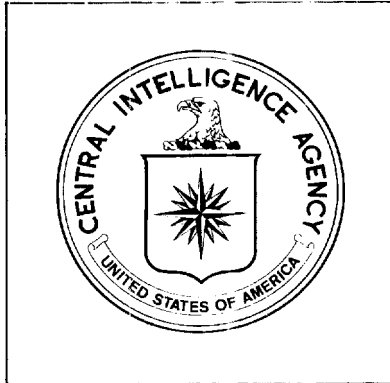


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## Western Europe Canada International Organizations

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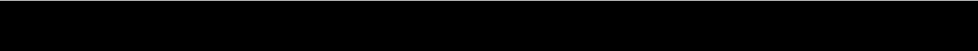
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**WESTERN EUROPE – CANADA – INTERNATIONAL ORGANIZATIONS**

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Danish Progress Party Squabbles

Factionalism and disagreement over goals again marred the annual convention last weekend on the conservative, iconoclastic Progress Party, Denmark's third largest party.

This latest outbreak of disunity probably is not fatal for the party's future. Basically a grass-roots protest movement against taxes and government bureaucracy, the party has been wracked by strife since its founding in 1973. Despite recurring predictions of an early demise, the party has demonstrated a rather firm hold over wide segments of the business and agricultural communities disillusioned with the established parties.

A power struggle between party secretary Simonsen, who favors greater local autonomy, and parliamentary deputy Wamberg, who desires more centralized control, dominated the two-day proceedings. The Wamberg group won out, but its victory does not appear decisive.

The power struggle prevented the congress from coming to grips with developing a broader, more nuanced policy profile. Leaders had come to recognize that this is necessary if the party is to appeal to women and retired people, two groups that have remained indifferent in the past to the party's program.

The congress dealt with only two issues of significance. The debate on defense policy revealed that only 20 to 30 of the 1,000 delegates oppose Denmark's membership in NATO, a smaller proportion than had been assumed. On another

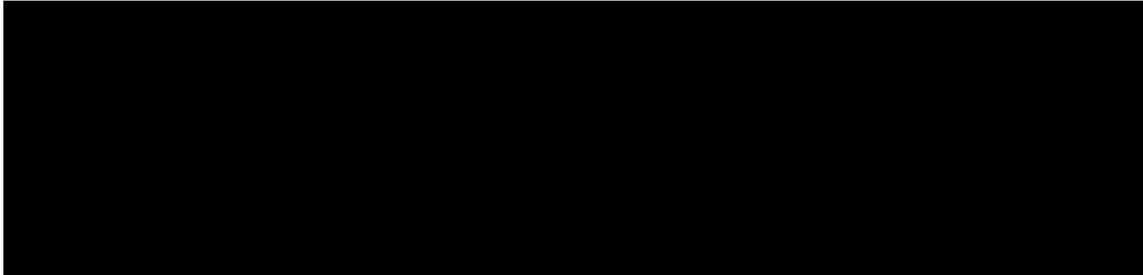
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issue, party chairman Glistrup, reacting to public criticism of his comment that Denmark ought to sell Greenland, advocated instead giving the island more autonomy. Many Danes have come to regard Greenland as a troublesome and expensive dependency that modern Denmark cannot afford. (Confidential)

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Bonn Reviews Policy Toward European Community

The West German government, at the insistence of Chancellor Schmidt, has embarked on a general review of policy toward the European Community. Schmidt's main objective is to force the EC Commission to adopt a more tight-fisted policy on financing Community programs. The German cabinet will discuss various ministry recommendations at a meeting scheduled for September 29.

1 +  
2

During the past year, the Chancellor has frequently expressed dissatisfaction with the Commission's implementation of Community programs. Schmidt's unwillingness to allocate funds for the two EC scientific research centers in Italy and the Netherlands, in fact, triggered criticism from "European-minded" Free Democrats in the cabinet and provided the impetus for the present policy review.

Schmidt has also been disturbed by the high costs of the common agricultural policy. He has stated that Bonn will not allow European agricultural prices to be pegged at the price levels of those community members which have much higher rates of inflation than West Germany.

The Chancellor reaffirmed his hope to make the Commission more "finance-conscious" in his opening speech to the Bundestag this week. This position parallels the new budget austerities that Schmidt is recommending at home.

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The agenda for the cabinet meeting will include a review of:

- proposals to improve the Community's agricultural price support program.

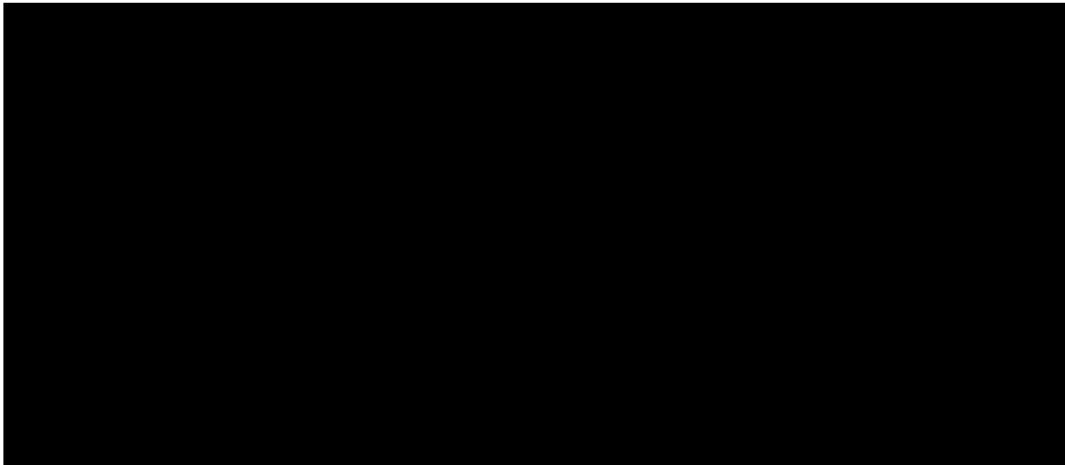
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- the status of the EC research centers.
- preferential trade arrangements with forty-six underdeveloped countries under the Lome Convention.
- such institutional questions as strengthening the European parliament in Strasbourg by popular elections of its deputies.  
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EC Trying to Expand Ties with Indonesia

EC Commission President Ortoli's visit to Jakarta early this month provided an opportunity for both the EC and Indonesia to move toward broadening their trade patterns on commodities of particular interest.

Ortoli stressed EC interest in developing soybean production in Indonesia for the EC market. Shortly after his visit, the Indonesian government announced approval of the soybean project provided it is integrated with Indonesian land-use policies.

1  
2  
The EC countries, particularly France, have been trying to develop alternate sources of soybeans since the brief US embargo of soybean exports in 1973. Expansion of production in Europe has proved difficult. In France, where a key research organization predicted that as much as 375,000 acres could be given over to soybeans in 1980, planting in fact has fallen from 7,400 acres in 1974 to less than half that figure this year.

The Indonesian ambassador to Brussels noted the importance of the EC to Indonesia as a "third channel," in addition to Japan and the US, for trade and investment. He commented favorably on the tariff cuts extended to Indonesia and other South East Asian nations this summer on rubber, palm oil, tea, tin, pepper, and copra but said Indonesia wants further cuts on these and other products. According to press reports, the head of the EC's international division predicted that the EC will institute further tariff reductions next year on agricultural imports from South East Asia and enlarge quotas for manufactured goods under the EC's generalized system of preferences. (Confidential No Foreign Dissem)

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