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DEPARTMENT FOR EUR/CE - CAVIN

FBI FOR CHIEF OF STAFF BUCKNAM

E.O. 12356: DECL: OADR

TEXT

TAGS: OVIP (FREEH LOUIS) SNAR, PREL, KCRIM, XH, AU
SUBJECT: SCENE-SETTER FOR VISIT OF FBI DIRECTOR FREEH

REF: (A) STATE 133736 (B) VIENNA 4623

1. CONFIDENTIAL - ENTIRE TEXT.

2. AUSTRIA HAS HISTORICALLY HAD LOW LEVELS OF CRIMINAL ACTIVITY, PARTICULARLY VIOLENT CRIME. WITHIN THE LAST YEAR, HOWEVER, THE AUSTRIAN GOVERNMENT HAS BECOME INCREASINGLY CONCERNED ABOUT ORGANIZED CRIME, PARTICULARLY EUROPEAN AND ASIAN GROUPS, AND PROVIDED MORE RESOURCES TO THE AUSTRIAN INTERIOR MINISTRY TO COMBAT THEIR ACTIVITIES. THE DRAMATIC CHANGES IN EASTERN EUROPE AND THE FORMER SOVIET UNION HAVE GREATLY INCREASED CONTACTS BETWEEN AUSTRIA AND THOSE COUNTRIES, AND WITH IT CONCERN ABOUT IMMIGRATION, DRUG TRAFFICKING, AND THE ACTIVITIES OF RUSSIAN AND OTHER CRIMINAL GROUPS.

3. ABOUT 10 PERCENT OF AUSTRIA'S POPULATION (780,000) IS FOREIGN

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BORN, WITH THOSE OF TURKISH DESCENT (140,000) ACCOUNTING FOR THE LARGEST SINGLE GROUP. AUSTRIA IS ALSO HOME TO ABOUT 65,000 BOSNIAN REFUGEES. THE RIGHTIST FREEDOM PARTY (FPO) CALLED FOR A CONSTITUTIONAL AMENDMENT LIMITING IMMIGRATION IN LATE 1992; THOUGH IT WAS DEFEATED, THE GOVERNMENT ENACTED NEW RESTRICTIONS ON IMMIGRATION IN JULY 1993. IN DECEMBER 1993, A SMALL GROUP OF NEO-NAZIS CONDUCTED A LETTER BOMB CAMPAIGN AGAINST POLITICIANS AND OTHERS ACTIVE ON THE IMMIGRATION ISSUE. THE MAYOR OF VIENNA, HELMUT ZILK, AND A PROMINENT TV PERSONALITY OF CROATIAN DESCENT WERE SERIOUSLY INJURED. OTHERWISE, HOWEVER, "HATE CRIMES" AGAINST IMMIGRANTS OR IN GENERAL HAVE BEEN RARE.

4. AUSTRIA IS A TRANSIT COUNTRY FOR SOUTHWEST ASIAN HEROIN DESTINED FOR WESTERN EUROPE VIA THE BALKANS. DOMESTIC DRUG USE APPEARS TO BE INCREASING. DRUG SEIZURES INCREASED IN 1993 OVER 1992 IN ALL MAJOR CATEGORIES - FOR HEROIN (FROM 78 KGS TO 104 KGS), COCAINE, (58 KGS TO 84 KGS), AND MARIJUANA (107 KGS TO 206 KGS). ARRESTS ON DRUG-RELATED CHARGES WERE UP 35 PERCENT, AND DRUG-RELATED DEATHS WENT FROM 146 TO 171. AUSTRIA HAS SIGNED BUT NOT RATIFIED THE 1988 UN CONVENTION ON ILLICIT TRAFFIC IN NARCOTICS AND PSYCHOTROPIC DRUGS. AN AMENDMENT WHICH WOULD PERMIT EASIER SEIZURE OF ASSETS IN DRUG CASES IS CURRENTLY BEFORE PARLIAMENT.

5. AUSTRIA'S BANKING SYSTEM REQUIRES STRICT BANK SECRECY AND PERMITS ANONYMOUS SAVINGS AND SECURITIES ACCOUNTS. US AND EUROPEAN UNION (EU) PRESSURE HAS MOUNTED ON AUSTRIA TO COMPLY WITH THE EU'S MONEY LAUNDERING DIRECTIVE. IN JULY 1993, PARLIAMENT APPROVED LEGISLATION MAKING MONEY LAUNDERING A CRIME. SINCE JANUARY 1994, A NEW BANKING ACT REQUIRES BANK MANAGERS TO EXERCISE "DUE DILIGENCE" AND REPORT SUSPICIOUS TRANSACTIONS TO THE POLICE. EVERTHELESS, RESIDENTS CAN STILL HOLD ANONYMOUS SAVING AND SECURITIES ACCOUNTS. THE GOA IMPOSED A FLAT 22 PERCENT WITHHOLDING TAX ON ALL ACCOUNTS TO REDUCE THE ATTRACTIVENESS OF ANONYMOUS ACCOUNTS. THE ANONYMITY ISSUE REMAINS SENSITIVE POLITICALLY, WITH FEW POLITICIANS OUTSIDE OF JUSTICE MINISTER MICHALEK WILLING TO ADVOCATE OUTRIGHT ABOLITION.

6. A RELATIVELY NEW DEVELOPMENT IS THE ACTIVITIES OF THE RUSSIAN MAFIA IN AUSTRIA. THERE ARE NOW SEVERAL HUNDRED RUSSIAN TRADING COMPANIES OPERATING IN VIENNA, OFTEN BUILDING ON TIES AND CONTACTS ESTABLISHED DURING THE SOVIET ERA. COMMUNICATIONS AND LOCATION MAKE VIENNA AN ATTRACTIVE JUMPING OFF POINT FOR THEIR ACTIVITIES IN WESTERN EUROPE, AS DOES AUSTRIA'S BANK SECRECY LAWS.

7. BILATERAL LAW ENFORCEMENT COOPERATION BETWEEN US AGENCIES AND THEIR COUNTERPARTS IN THE GOA IS EXCELLENT. THE GOVERNMENT HAS ALSO BEEN RESPONSIVE TO EFFORTS TO PREVENT THE TRANSFER OF NUCLEAR MATERIALS. WE ARE ALSO COMING TO CLOSURE ON SEVERAL BILATERAL AGREEMENTS, INCLUDING A NEW MUTUAL LEGAL ASSISTANCE TREATY (MLAT), AN EXTRADITION TREATY, AND AN ADMINISTRATIVE ASSISTANCE AGREEMENT.

8. ALTHOUGH OVERALL US-AUSTRIAN RELATIONS ARE EXCELLENT, THE CASE OF KURT WALDHEIM "WATCH LIST" DECISION REMAINS A SENSITIVE ONE. THE US DEPARTMENT OF JUSTICE (DOJ) IS CLOSELY IDENTIFIED WITH THE DECISION AND IT COULD COME UP DURING YOUR VISIT. A FORMER UN SECRETARY GENERAL AND PRESIDENT OF AUSTRIA FROM 1986-92, WALDHEIM WAS PLACED ON THE DOJ'S "WATCH LIST" IN 1986 AND CANNOT OBTAIN A VISA TO ENTER THE UNITED STATES. THE BASIS FOR THE DECISION IS

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WALDHEIM'S APPARENT KNOWLEDGE OF AND POSSIBLE INVOLVEMENT IN DEPORTATION OF JEWS, ACTIONS OF REVENGE AGAINST CIVILIANS, AND MISTREATMENT OF PRISONERS WHILE SERVING WITH THE GERMAN ARMY DURING WORLD WAR II.

9. INTEREST IN THE CASE IN AUSTRIA HAS WANED, BUT MANY AUSTRIANS BELIEVE THAT WALDHEIM WAS UNFAIRLY SINGLED OUT BECAUSE HE WAS PRESIDENT, AND AS A JUNIOR OFFICER DURING THE WAR, HAD LIMITED INVOLVEMENT WITH THE ACTIONS ALLEGEDLY COMMITTED. WALDHEIM HAS RECENTLY BEEN QUIETLY EXPLORING THE PROSPECT OF OBTAINING A VISA TO ATTEND THE UN'S ANNIVERSARY CEREMONIES IN NEW YORK NEXT YEAR. HUNT

ADMIN
END OF MESSAGE

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