Jerusalem, 10 July 1990

According to the summing up of our talks with the GDR delegation in Copenhagen on the 3rd of this month and the telegrams from our Ambassador in Bonn of the 4th and the 6th of this month we can conclude:

1. The fate of our material claims from the GDR is in the hands of the FRG, in view of the monetary union of the two Germanies (which came into force on the 1st of this month) and the expected political union between them towards the end of this year.

2. The GDR delegation refuses to mention the “Luxembourg Agreements” of 1952 (in the joint announcement on the establishment of diplomatic relations between Israel and the GDR) as the basis for talks between experts from both countries to discuss the material claims of the Israeli government from the GDR government. This refusal was apparently coordinated in advance with the authorities in the FRG who are balking at the financial implications involved.

3. In negotiations with the FRG it will be possible to reach agreement on the payment of certain sums, so long as they are not called “reparations”. We can also conclude that we are talking about much smaller sums than would be expected according to the “Luxembourg agreements”. (As we know, there is no explicit ref-
ference to the GDR in the agreements, only implied, to commit itself to pay a third of the reparations while the FRG took on itself to pay two-thirds).

4. The person who can decide in favour of reparations is apparently Chancellor Kohl. It is proposed to initiate with him a meeting on the level of the finance ministers or alternatively, to send him a letter signed by Prime Minister Shamir. A meeting cannot take place before the middle of August. A letter can be given to him immediately.

Preliminary feelers have been sent out by our Ambassador in Bonn who has suggested to us stages for action. At the same time it is proposed that you should meet with your colleague in the FRG Foreign Ministry, in continuation of the consultations that you already had, on this subject, on 26 May of this year.

The questions before us

1. Is the FRG interested in our establishing diplomatic relations with the GDR?

The assumption is that the answer is positive, since it will be a form of giving a stamp of approval to the reunification. Their agreement to the establishment of relations was received by Foreign Minister Arens in his meetings with the FRG leaders in Bonn (before the elections in the GDR) and our Ambassador in Bonn received a hint confirming this from the minister of state in Kohl’s office who said “that he would prefer that the FRG embassy in Israel should also represent the GDR.”

2. Is it politically wise to establish relations with a state that will be swallowed up by the FRG in a few months’ time while it flatly refuses to bear its part in paying reparations to Israel (as defined as fulfilling its part in the absorption of Holocaust survivors from Germany and other countries under Nazi occupation during WWII)? As we know, the East German delegation proposed including a paragraph in the joint declaration on the establishment of relations saying: that Israel and the GDR have decided to hold a meeting of their experts to discuss material contributions. If we insist it will say “Israel’s material demands from the GDR connected with victims of the Holocaust, no later than 30 days after the date of signature on the establishment of relations.”

The advantages of establishing relations

– An achievement for Israeli foreign policy towards the PLO and the Arab states which have enjoyed the political and military support of the GDR for nearly 40 years. Now that state is turning against them by establishing relations with Israel and by publicly and definitively disassociating itself from the UN resolution which condemned Zionism and by condemning terrorism.

– Setting up a framework for negotiations on reparations which creates a dynamic, which in itself will continue afterwards in negotiations with the FRG. (It should be remembered that the West German chancellor has declared that he will

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honour all the financial commitments of the GDR after the reunification of both the Germanies).

The disadvantages of establishing relations

– Giving a “stamp of approval” to the GDR towards their political union with the FRG, without paying its share of the “reparations” as we would expect in accordance with the “Luxembourg Agreements”.

– Accepting the text proposed by the GDR delegation, after they have told us that it has no intention of basing the negotiations on the “Luxembourg Agreements”, could be interpreted as agreement on our part to the GDR’s refusal to bind the FRG to negotiate with us on the basis of those agreements.

– It is not worthwhile, from a practical point of view, to establish relations with a state that will not exist in a few months, since in any case we are not talking about setting up diplomatic representations.

To sum up, the question is purely political. Negotiations on the reparations (proportion, amount, framework) will in any case be held with the FRG.

If we decide in favour of establishing relations, we should act to carry this out as soon as the attitude of the FRG becomes clear (from the director-general of the MFA in Bonn) or from Chancellor Kohl. Since a meeting with him could only take place over a month from now, it is preferable to send him a letter, and the reply to it may be received earlier.