

DEPARTMENT OF STATE
BRIEFING PAPER

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FACT SHEET: BERLIN ISSUES

I. PRESIDENT'S INITIATIVE ON BERLIN

RELEASED IN FULL

- o In June 1987, President proposed series of measures to improve conditions in Berlin. With UK and France, we invited Soviets to discuss those proposals.
- o Moscow replied with a restatement of its restrictive position on Berlin, but with hint of an opening.
- o Allies are preparing a response to explore flexibility in Soviet views.

II. AVIATION

- o In spirit of President's Berlin Initiative to improve air service and add measure of competition, U.S., UK and France agreed in June to large increase in flight capacity in line with market trends.
- o As a result, TWA entered Berlin market. Pan Am, French and British carriers received additional flights.
- o We agreed in principle to a new French carrier on Berlin routes, subject to examination of the specific application.
- o French proposed a new company, EuroBerlin (EBF); West German national airline, Lufthansa, owns a 49 percent share.
- o That partnership raised concerns over integrity of air corridors to Berlin which are city's lifelines and the duty of the three Allies to maintain.
- o Beyond these security questions, we and U.S. airlines have legitimate interest in assuring Lufthansa's financial and operational support of French airline not lead to unfair competition.
- o We have reached a settlement on EBF meant to assure our role as defender of Berlin's security and promote fair competition; reached interim solution on other aviation issues that will need more work.
- o UK and France had originally focused primarily on their economic interests, but the Allies have broader responsibilities in the city.
- o Berliners and West Germans are uneasy over Allied differences; need to reaffirm commitment to stability, and Allied unity while we continue to address the problems.

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