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## 2 The “Grapes of Cooperation”? Bulgarian and East German Plans to Build a Syrian Cement Industry from Scratch

### All Eyes on the West?

With the easing of tensions between the East and the West in the 1970s, an atmosphere unfolded that was more favourable to inter-bloc trade than before. East-West trade had already started to increase significantly in the mid-1960s after the Cuban Crisis, but this process accelerated in the early 1970s. The import of capital goods by countries of the Council for Mutual Economic Assistance (CMEA) from member states of the Organisation for Economic Co-operation and Development (OECD) increased from 998 million US dollars (USD) in 1965 to USD 9.84 billion in 1975.<sup>1</sup> This was an almost ten-fold increase over the course of ten years. The actual trade volume, including consumer goods, was much larger. Exports to OECD countries increased from USD 6.6 billion in 1971 to USD 42.3 billion in 1980 while imports expanded at roughly the same pace from USD 7.0 billion in 1971 to USD 42.8 billion in 1980.<sup>2</sup> The Soviet Union, in particular, used the new opportunities to also import massive amounts of grain every year to increase its meat production. It soon became one of the largest actors on the international grain market, buying more than 15 per cent of the grain available worldwide.<sup>3</sup> This snapshot illustrates that trade dependencies emerged in the 1970s between the East and the West.

The almost ten-fold increase of capital goods imports by CMEA countries followed a new development plan in many of its member states. Importing capital goods often meant importing sophisticated Western technology from OECD countries, which, in turn, would be integrated into the production processes of the planned economies. In the view of the socialist decision-makers,

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1 M. Dangerfield, “Sozialistische Ökonomische Integration”, in: B. Greiner et al. (eds.), *Ökonomie im Kalten Krieg*, Hamburg: Hamburger Edition, 2010, pp. 363–364.

2 A. Zwass, *Der Rat Für Gegenseitige Wirtschaftshilfe 1949 bis 1987: Der dornige Weg von einer politischen zu einer wirtschaftlichen Integration*, Vienna: Springer, 1988, p. 91.

3 E.T. Gaidar, *Collapse of an Empire: Lessons for Modern Russia*, Washington: Brookings Institution Press, 2007, p. 95.

this strategy promised quick results that could not have been achieved with Soviet technology.<sup>4</sup> The import of Western technology was to be financed on credit. The plan was to pay the money back through increased exports enabled by the new technologies and higher productivity.<sup>5</sup> But, at first, this strategy meant rapidly increasing debts.

There is no doubt about the validity of the developments described above. But the fact that CMEA countries forged new ties with the West does not mean that their socialist neighbours became irrelevant for them or even neglected by them. In scholarship, this fact has been overshadowed by the new quality of East-West exchange in the 1970s. Although the import of sophisticated Western technology probably was a very amazing occurrence for Western observers and socialist planners alike, the bread-and-butter trade took place inside socialist Eastern Europe and thus inside the CMEA. It is therefore unjustified to label the CMEA as a nearly obsolete institution in the early 1970s as is often stated in the literature.

Socialist planners and decision-makers invested a considerable sum of energy and money during the 1970s in order to increase their trade turnover and economic ties with their neighbours within the bloc and with the countries of the Global South. Looking at a multilateral cooperation attempt between the German Democratic Republic (GDR), the People's Republic of Bulgaria (PRB), and Syria, this chapter presents the connections and power relations between the East and the South and the significance the CMEA had gained by the early 1970s. During this time, a space for cooperation and interaction that had not existed before emerged. This newly created space of interaction had repercussions not only for CMEA member states and countries in the Global South but for the West as well. After a short introduction to the evolution of Eastern European-Syrian relations, the focus will move to the establishment of a cement industry in Syria, which will allow conclusions to be drawn about the importance of the CMEA, inter-socialist cooperation, and the chances and problems of providing "technical assistance" to a "developing country" like Syria.

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<sup>4</sup> R.W. Stone, *Satellites and Commissars: Strategy and Conflict in the Politics of Soviet-Bloc Trade*, Princeton: Princeton University Press, 1996, pp. 186–187.

<sup>5</sup> S. Kotkin, "The Kiss of Debt: The East Bloc Goes Borrowing", in: N. Ferguson et al. (eds.), *The Shock of the Global: The 1970s in Perspective*, Cambridge: Belknap Press, 2010, p. 80.

## A Slow Start

As with most of the newly independent countries, the relations between the socialist bloc, foremost the Soviet Union, and former colonies, in this case the French mandate of Syria, took off in the early Khrushchev years. Arms supplies played a big part in initiating mutual relations with Arab countries.<sup>6</sup> While the first arms deal between the Soviet Union and Syria was signed in 1954, preceding the one between Czechoslovakia and Egypt, Syria in general had a minor role in the Soviet conception of the Middle East since Nasser's Egypt was more promising and had greater potential. Despite certain common interests, the ideological basis between Syrian Baathists and Eastern European communists was shaky since Baathists were neither Marxists nor adherents of scientific socialism.<sup>7</sup>

Trade relations between CMEA countries and Syria were quite limited up until the mid-1950s. The first Soviet-Syrian trade agreement was signed in 1955, the same year the first East German and Czechoslovakian treaties were ratified.<sup>8</sup> In 1956, the share of CMEA countries in Syria's overall trade stood at just a little above 4 per cent.<sup>9</sup> Economic and technical cooperation started to gain momentum in October 1957 with a joint Soviet-Syrian treaty and credit agreement, in which the Soviet Union promised the Syrian government 78.75 million roubles in credit for the construction of 24 projects, mostly in the field of infrastructure.<sup>10</sup>

The relations between the socialist bloc and Syria intensified in the 1960s with the takeover of the Baath Party in Damascus.<sup>11</sup> After initial scepticism on both sides after the rise to power of Hafiz al-Asad in 1970, who became the Syrian Baathist strongman, the mutual relations continued to develop steadily.<sup>12</sup>

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6 G. Golan, *Soviet Policies in the Middle East from World War Two to Gorbachev*, Cambridge: Cambridge University Press, 1990, p. 140.

7 Ibid., pp. 162–163.

8 S.P. Ramet, *The Soviet-Syrian Relationship since 1955: A Troubled Alliance*, Boulder: Westview Press, 1990, p. 219.

9 P. Gasztold-Sen, “Cooperation by Ideology? Polish-Syrian Relations during the Cold War”, in: P. Gasztold-Sen et al. (eds.), *Syria during the Cold War. The East European Connection*, Fife: University of St. Andrews Center for Syrian Studies, 2014, p. 6.

10 “Sovetsko-siriiskoe ekonomicheskoe i tehnikeskoe sotrudnichestvo”, Fond 561, op. 53, dated 1967, d. 27, ll. 18–20, Rossiiskii Gosudarstvennyi Arkhiv Ekonomiki (RGAE), Moscow.

11 Golan, *Soviet Policies*, pp. 142–143.

12 E. Karsh, *The Soviet Union and Syria: The Asad Years*, London: Royal Institute of International Affairs, 1988, pp. 4–9.

This development was also driven by the worsening of relations between the socialist bloc and post-Nasserite Egypt.<sup>13</sup>

Already in the 1960s, the socialist countries of Eastern Europe, especially the GDR and the Soviet Union, were sending experts to Syria to train administrative and technical personnel. Such endeavours were characterized by a certain degree of work sharing. The experts from East Berlin, for example, took on the task of strengthening the party apparatus of the Baathists and expanding the party's power base among the populace.<sup>14</sup> The same is true for the state-planning apparatus. East German experts played a prominent role in the – at least superficial – Sovietization of the state institutions. Under their auspices, the Syrian Council of Ministers, the State Planning Commission, and the Central Bureau of Statistics were established or greatly transformed.<sup>15</sup> These socialist experts thus helped the Baath regime to nationalize important parts of the economy and to build up a planning apparatus that resembled, to a certain degree, the ones of the socialist bloc. While Soviet experts were also active in the civilian sector, their focus was – in contrast to the East Germans – more on the military.<sup>16</sup>

This transfer of administrative know-how was accompanied by a transfer of technical know-how and credit flows from the Eastern bloc to Syria meant to contribute to a fast development of the Syrian economy. The five-year plans Syrian officials started to advocate were significantly influenced by Soviet thinking, and they emphasized the buildup of heavy industry and infrastructure. The most important project of the late 1960s and early 1970s in this regard was the Euphrates dam between Aleppo and Raqqa, built with money, materials, and technical personnel from the Soviet Union. The construction of the dam was tied to a Soviet credit of approximately USD 150 million.<sup>17</sup> The works on the dam project started in 1968 and involved ca. 850 Soviet specialists, along with 10,000 Syrian labourers.<sup>18</sup> Once the dam was finished in 1973, it became the major source of power generation in Syria, providing 95 per cent of the country's electric power in 1978 and thereby laying the infrastructural

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<sup>13</sup> Gôlan, *Soviet Policies*, p. 13.

<sup>14</sup> M. Trentin, "Between Solidarity and Convenience: Socialist East Germany and Postcolonial Syria", in: Gasztold-Sen et al. (eds.), *Syria during the Cold War*, pp. 50–51.

<sup>15</sup> *Ibid.*, p. 49.

<sup>16</sup> Karsh, *The Soviet Union and Syria*, pp. 8–9.

<sup>17</sup> Ramet, *The Soviet-Syrian Relationship*, pp. 39–40.

<sup>18</sup> *Ibid.*, p. 220.

groundwork for industrialization.<sup>19</sup> After having focused on agriculture development in the 1960s, the 1970s were meant to promote industrialization in Syria.<sup>20</sup> The second most important task of the five-year plans of the 1970s was the building of a cement industry in Syria from scratch.<sup>21</sup>

## Cement for Syria: Proving the Merits of CMEA Cooperation?

The plans for a cement industry included the construction of eight cement factories with a joint output capacity of several million tons a year by the end of the 1970s.<sup>22</sup> It is not clear from the documents available how the Syrian plans evolved internally. Access to Syrian archival documents is impossible at the moment. It is possible that the Syrian planners made their decisions where and when to build which factory with only indirect assistance from experts from the Eastern bloc. It is unclear to what extent their decisions were influenced by political motives originating from inner-Syrian power asymmetries and to what extent by purely economic thinking. A look at the prospective building sites shows that the factories were to be erected at the Syrian coast and the Damascus area, both power bases of the Asad regime and the most populous areas of the country. Accordingly, the sites were reasonable choices according to not only political logic but also more economically inclined thinking, since cement as a building material was needed the most in urban and fast-growing areas.

After the Syrian planning entities had worked out the guidelines for the project, they were published and opened for competition. The GDR filed a tender in 1971, which was supposed to be an illustrative example for cooperation between two socialist countries and a former colony striving for economic development. The GDR State Combine for Heavy Machinery Construction Ernst Thälmann (SKET)<sup>23</sup> was to provide the engineering know-how, the equipment, the factory design, and training courses for Syrians, while the Bulgarian state

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<sup>19</sup> Ibid., pp. 222–223.

<sup>20</sup> R. Owen and S. Pamuk, *A History of the Middle East Economies in the Twentieth Century*, Cambridge: Harvard University Press, 1999, p. 157.

<sup>21</sup> “Information über Zementanlagen SAR”, 11 September 1974, DL 2/16445, Bundesarchiv Berlin (BArch), Berlin.

<sup>22</sup> “Berichterstattung zur Objektrealisierung”, 25 June 1976, DL 2/16445, BArch, Berlin.

<sup>23</sup> The GDR State Combine for Heavy Machinery Construction Ernst Thälmann, located in Magdeburg, used its subsidiary, the Publicly Owned Company Cement Plant Construction (ZAB), located in Dessau, to execute the project.

building organization Tekhnoeksportstroï (TES) was to assemble the factories at their planned sites in Syria according to the technical documentation delivered by the GDR experts. This cooperation and division of labour was to prove its worth by building three cement factories with a combined capacity of 1 million tons between 1973 and 1975 in the first stage of the project.<sup>24</sup> The proposal had a direct link to the reform programme of the CMEA, the discussions of which had started in 1968. The guidelines of the so-called Complex Programme were finalized and agreed upon in 1971, aiming at a further and accelerated development of economic ties between CMEA member states. But this was not limited to the borders of the CMEA. Members were also urged to cooperate outside the bloc and to promote the aims and working methods of the CMEA, especially in the southern hemisphere through multilateral cooperation.<sup>25</sup>

The Complex Programme comprised as much political logic as it did economic logic. By joining forces in the Global South, the respective socialist countries hoped to reap the benefits of an international “socialist” division of labour. They would reduce costs by combining their strengths and improve their overall efficiency by focusing on what they could do best. Such efforts would lead to better outcomes for their customers as well, providing better quality at lower costs. In this particular example, the GDR provided engineering know-how and sophisticated technology, while the Bulgarians promised to assemble the factory quickly and with low costs. The two partners promised the Syrians to build each of the factories during the first stage within 12 months after the prospective building sites had been readied for construction. On paper, CMEA partners would increase their competitiveness with such measures and would improve their relative position against the West by being able to offer better terms and conditions towards Southern “developing” countries. This, as the socialist decision-makers hoped, would show the countries of the Global South the advantages of the socialist system in a very practical sense – and by building huge factories in also a highly tangible sense – and produce political gains as an inevitable after-affect. For the Bulgarians, this had the additional benefit that the East Germans – who had much closer ties with Damascus – could work as a door opener to the former colony by taking them on as a junior partner.

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<sup>24</sup> “Informationen über Zementanlagen SAR”, 11 September 1974, DL 2/16445, BArch, Berlin.

<sup>25</sup> On the discussions of East-South trade as part of the Complex Programme negotiations, see the report on the 17th Session of the Permanent Commission for Technical Assistance in Moscow 9–10 July 1969, DL 2/22859, BArch, Berlin.

Certainly, all rhetoric aside, the GDR and the PRB at no time intended to build an entire cement industry with the capacity of several million tons free of charge. The whole tender for eight cement factories was worth 670 million Valuta mark (VM),<sup>26</sup> which equates to roughly USD 270 million.<sup>27</sup> Of the sum, 20 per cent was reserved for assembling the factories and thus for the Bulgarian partner of the GDR contractor.<sup>28</sup> This leads to the question of what was the true nature of the arrangement. Officially, the Eastern European experts – and also the Syrian ones – defined the whole project as “technical assistance”, which was the most common equivalent for “development aid” in the East. It is worth dissecting the terminology at this point. Both terms are highly problematic and are easily associated with a certain kind of generosity that is rather alien to the practical meaning of the projects labelled “development aid” or “technical assistance”.

The most basic definition of “aid” is that it should contain a certain grant element. This, however, is a matter of definition as giving credit to someone who is not deemed creditworthy at all by market consensus could already be defined as a grant. The moral issues attached to this question and the implications of different definitions were neither discussed by the East Germans and Bulgarians, nor by the Syrians. What they considered as an aid element was the transfer of technology from the East to the South, the training of Syrian personnel in running the machines, and the conditions of the tender. Before 1976, the Syrians had to pay the bills partially in hard currency and partially in so-called clearing dollar. The former were fully convertible and could be transferred out of the country. The latter were neither convertible nor transferable. This meant that they could only be used to buy Syrian goods. Since Syria was mainly exporting cotton and oil, and both raw materials were in high demand in the bloc, payment in clearing dollar meant payment in cotton and crude oil. Securing strategic resources was – at least initially – an important part of the entire story. By exporting factories, the GDR not only hoped to receive money but also resources for its domestic industry – a hope that was very much in line with the agreements concluded inside the Permanent Commission for Technical Assistance.<sup>29</sup>

In the beginning of 1976, the payment system was altered and the Syrians as well as the East Germans and other bloc members changed their trade to full

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<sup>26</sup> 1 Valuta mark (VM) was the equivalent of 1 West German mark (DM).

<sup>27</sup> “Berichterstattung zur Objektrealisierung”, 25 June 1976, DL 2/16445, BArch, Berlin.

<sup>28</sup> “Antrag auf Geschäftsgenehmigung für die Realisierung weiterer Zementanlagenobjekte in der SAR 1976 – 1978”, 7 February 1975, DL 2/16445, BArch, Berlin.

<sup>29</sup> “Vermerk über eine am 29.3.1974 beim Stellvertreter des Ministers, Gen. Clausnitzer durchgeführte Beratung”, 4 April 1974, DL 2/16445, BArch, Berlin.

convertibility, meaning complete payment in US dollars.<sup>30</sup> Nevertheless, the Syrians had to pay only a fraction, some 10 to 15 per cent, beforehand in cash; 85 to 90 per cent of the costs were financed by the East Germans on credit, which had to be repaid within the long-term period of up to 10 years at a rather low interest rate of 4 per cent.<sup>31</sup> Accordingly, the Syrians could watch the factories being built without emptying their pockets for them, at least for the time being.

To be fair, the East Germans made it clear to their Syrian partners that although the project had political implications, economics was the main motive.<sup>32</sup> They had chosen to work together with the Syrians and Bulgarians in building cement factories, not only because of close political ties – though these were important to secure the deal – but because it fit into the export programme of the GDR. An important element of this deal was to lower the costs by using the already existing designs for a future Cuban cement factory. This copy-and-paste approach could be classified as utilizing economies of scale.<sup>33</sup> The Syrians, however, were keen to not pay too high a price and to compare different offers. They put particular effort in setting favourable terms of payment.<sup>34</sup> The main long-term economic goal of the East Germans is well expressed in the following statement on approving the second stage of the project by Deputy Minister of Foreign Trade Friedmar Clausnitzer:

Three cement factories worth 100 million VM will be exported to the SAR [Syrian Arab Republic] by Invest-Export on the basis of the concluded treaty. With your request to approve the planned expansion of the deliveries already agreed on, the GDR will get a monopoly position on the cement sector in the SAR. Under this point of view, your request is in general approved, since, furthermore, we can count on future deliveries of equipment and spare parts by the GDR.<sup>35</sup>

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**30** “Antrag auf Geschäftsgenehmigung für die Realisierung weiterer Zementanlagenobjekte in der SAR 1976–1978”, 7 February 1975, DL 2/16445, BArch, Berlin.

**31** “Unser Antrag auf Genehmigung eines langfristigen Zielgeschäftes für den Abschluß einer Globalvereinbarung über die Lieferung von Zementanlagen in die Syrische Arabische Republik vom 15.03.1973”, 20 March 1973, DL 2/16445, BArch, Berlin.

**32** “Vermerk über eine am 29.3.1974 beim Stellvertreter des Ministers, Gen. Clausnitzer durchgeführte Beratung”, 4 April 1974, DL 2/16445, BArch, Berlin.

**33** Ibid.

**34** “Antrag auf Geschäftsgenehmigung für die Realisierung weiterer Zementanlagenobjekte in der SAR 1976/1978”, 30 June 1975, DL 2/16445, BArch, Berlin.

**35** “Stellungnahme zum Antrag des AHB Invest-Export auf Genehmigung eines langfristigen Zielgeschäftes für den Export von 2 Zementanlagen – 4. und 5. Linie – in die SAR”, 10 March 1973, DL 2/16445, BArch, Berlin.



A more detailed reasoning is given in a letter by the East German SKET and its corresponding foreign trade organization Invest-Export to the director of the credit department inside the Ministry of Foreign Trade:

1. The intrusion of other suppliers into the Syrian market has to be prevented. The conception of the Syrian side includes expansions of the factories currently being realized by Invest-Export. If we don't succeed in impeding the invasion of other suppliers, the GDR will lose the Syrian market from 1978 on [...].
2. The repeatability of the expansions wished for by the Syrian side is improving the profitability decisively.
3. By relocating the activities for exporting cement factories to other markets, the advantages will be lost and can't be recovered in the prevailing stiff competition [...].
4. The competition for selling cement factories is intensifying continuously, because the cutback and downturn of investment activity in the construction sector and the crises in the capitalist industrial countries require [them] to utilize the capacities provided during the cement boom for exporting cement factories.
5. Therefore we have to make maximum use of the good conditions prevailing in the SAR by exclusion from tender procedures. It has to be assumed that by enforcement of world market prices, no similar advantageous conditions like in the SAR could be found.<sup>36</sup>

The planners in East Berlin wanted to use the opportunity to obtain a monopoly position. Labelling their deal as “technical assistance” and issuing long-term credits accordingly provided the necessary entry point for them. This had a certain sense of economic imperialism. But it was born not out of strength but out of a perceived and very real weakness. They rightfully feared that with the first oil crisis unfolding in 1973 the good times of the investment boom were over. Western companies that had built up capacities in the years before were facing stagnating or declining demand at home. They thus had to look for new customers abroad at the very time when CMEA countries were also looking for new economic and political partners abroad. The GDR thought to have found a safe haven in Baathist Syria, which would do business with them and would shield them from the most severe consequences of direct competition with the West.

At a first glance, the arrangement shows some asymmetries. While the East Germans provided funding, technology, building plans, and technical training, the Bulgarians simply lent their hands in doing what the East Germans wanted

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<sup>36</sup> “Anlage 1 zum Schreiben an das MAH Gen. Dr. Fenske”, 7 February 1975, DL 2/16445, BArch, Berlin.

them to do without contributing any kind of sophisticated machinery or technology themselves. In the framework of this cooperation, the Syrians, however, mainly stood at the sidelines and watched the others work. So, this setting seems to have rather reproduced power asymmetries than to have alleviated the situation of the Bulgarians, who were inferior in their technological level inside the bloc in comparison to the GDR, or of the Syrians. The reality, however, proved to be more complicated and not as clear as the expectations set in the project.

## Problems Piling Up

The East Germans had arranged with their Syrian partner, the state-run General Organization for Executing Industrial Projects (GOEIP), that the Syrians would level the building site and provide storage capacity beforehand. This was the responsibility of the Syrian state building company Syrabco. Then the East Germans would send the first shipment to Syrian harbours and the Bulgarian builders would travel to Syria.<sup>37</sup> This arrangement already contained too many variables to work properly. The Syrians did not manage to level the site or provide storage at every future building location in time. The reasons for this were partially due to mismanagement and partially due to the outcome of the Yom Kippur War, which caused severe economic problems and labour shortages.<sup>38</sup> This alone was not necessarily a decisive problem. The East German ships with the machines and documentation had reached the Syrian harbours without delay, so the first steps in building could have been undertaken. But what aggravated the situation was the fact that despite the shipment having been unloaded, large parts of it did not make it to the building sites. Two years after they had been unloaded, 500 tons of material were still missing.<sup>39</sup> The material had simply disappeared from the Syrian harbours. This, however, made any time plans ineffective.

The problems did not stop there. Even though the factories were designed in the GDR and prefabricated in Magdeburg, Dessau, and Berlin, they required

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<sup>37</sup> "Informationen über Zementanlagen SAR", 11 September 1974, DL 2/16445, BArch, Berlin.

<sup>38</sup> "Bericht über die in der Zeit vom 30.3.74 bis 18.5.74 geführten Verhandlungen in der SAR zum Vertragsabschluß Zementwerk Adra sowie zur Realisierungssituation Zementanlagen Syrien", 6 June 1974, DL 2/16445, BArch, Berlin.

<sup>39</sup> "Bericht über Stand Realisierung Zementanlagen Syrien", 15 October 1974, DL 2/16445, BArch, Berlin.

significant imports from abroad. In this particular case – building cement factories in Syria in the mid-1970s – this meant imports from the Czechoslovak Socialist Republic and the Soviet Union. Production cooperation with these two countries caused problems for the project: The state combine SKET in Magdeburg had delegated the main responsibility for the execution of the project to its subsidiary, the Cement Plant Construction (ZAB) Dessau, which itself had asked the combine for Electric Projects and Plant Construction Berlin (KEAB) to provide the electrical equipment for the factories. Since KEAB could not produce all parts on its own, it cooperated with a Czechoslovak cooperative and relied on its know-how. Unfortunately for the East Germans, the Czechoslovak cooperative could not deliver the electrical equipment in time, thereby causing further delays with the building sites in Syria.<sup>40</sup>

It is clear from the archival documents that even for building rather unsophisticated, non-high-tech cement factories, the East German planners relied on a rather sophisticated and elaborate import system. The GDR had at least three different suppliers of electrical equipment for cement factories in the mid-1970s and also three different kinds of customers, at least implicitly differentiated by their technological level: for a project in Bulgaria, they relied on Romanian equipment; for a project in Yugoslavia, they used Belgian equipment; and in Syria, they worked with Czechoslovak equipment.<sup>41</sup> Belgian electrics could most likely not be acquired without paying the full price in convertible currencies like the US dollar or West German mark. The East German experts, writing to the Ministry of Foreign Trade, made it clear that they did not regard all of their three suppliers as being on equal footing with each other. They wrote about the prospective cement factory in Bulgaria:

The electrical equipment is being imported from Romania. A conversion of this production line for export to non-socialist markets [non-CMEA countries] is not possible because of the technological level of the electrics.<sup>42</sup>

This illustrates that socialist planners always had three overlapping but different worlds in mind while doing business. Difficulties also arose with the imports from the Soviet Union. The main ovens for the factories were imported from a Soviet cooperative and directly delivered to Syria. While installing the

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**40** Ibid.

**41** “Darlegung des Standpunktes des AHB Invest-Export zur Steigerung des Exportes von Zementanlagen des VEB ZAB Dessau-Betrieb des VEB SKET sowie gegenwärtig Konzeption des Exportes von Zementanlagen im Zeitraum 1974–80”, 15 March 1974, DL 2/16445, BArch, Berlin.

**42** Ibid.

ovens on the construction site, the workers and engineers noted the poor quality of the welding:

The quality of the welding conducted in the Soviet Union proved to be a significant problem. After an X-ray inspection of the weld seams welded by TES [Tekhnoeksportstroj] had shown flaws of the welding done in the Soviet Union, we impelled TES immediately to conduct a thorough X-ray examination, informed the Soviet trade representation and asked a Soviet welding expert for help who approved the need for repairs. The chief engineer of the Soviet producing factory who later arrived in Syria acknowledged that the standards previously agreed on had been neglected but thought it not necessary to repair the already assembled oven.<sup>43</sup>

The problems with the Soviet oven and the delaying tactics of the Soviet authorities caused another postponement of three months.<sup>44</sup> The manifold problems forced the GDR officials to try to renegotiate with their Bulgarian builders. But their efforts were to no avail. The Bulgarians were waiting in Syria, and they did not care much that equipment was lost in Syrian harbours, that Czechoslovak and Soviet suppliers did not deliver in time, or that the Syrian partners did not keep their promises. This, certainly, does not mean that the GDR planners and engineers did not share in the responsibility for the complicated situation. They at least partially acknowledged their own mistakes, like handing over the design plans too late.<sup>45</sup> But they could point out, especially to the Bulgarian builders, that the majority of the problems was beyond their control. The fact that there was nothing to do for the TES workers was not hindering them from filing bills, which they presented to the GDR officials, demanding payment. The Bulgarian company also demanded an extra compensation for the delays, which led to an unplanned payment of USD 1 million.<sup>46</sup> Since the Syrians did not raise the budget for the project, the money dented the revenues of the GDR. There was no space for intra-bloc solidarity.

This put the East Germans under pressure and made the issue a top priority, alerting Minister of Foreign Trade Horst Sölle to take action. When the work could finally get started on most building sites, the East Germans wanted the Bulgarians to use their time reserves so that the plan could still be fulfilled.

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<sup>43</sup> "Information über Zementanlagen SAR", 11 September 1974, DL 2/16445, BArch, Berlin.

<sup>44</sup> "Bericht über Stand Realisierung Zementanlagen Syrien", 15 October 1974, DL 2/16445, BArch, Berlin.

<sup>45</sup> "Information über Zementanlagen SAR", 11 September 1974, DL 2/16445, BArch, Berlin.

<sup>46</sup> "Vorlage für Genossen Minister Sölle – Beabsichtigter Wechsel der Montagefirma für die Errichtung von Zementfabriken in der SAR", 6 September 1974, DL 2/16445, BArch, Berlin.

But they refused and even had less personnel on the building sites than had originally been promised. TES even threatened to withdraw all their workers and in one case unilaterally did so. When the Bulgarians started to agitate the Syrians, claiming that the delays and problems in quality were the fault of the East Germans, tensions started to boil. Luckily for the East Germans, the Syrians did not believe the story and hired Indian consultants, who blamed the Bulgarians and convinced the Syrians to demand the East Germans get rid of the Bulgarian subcontractor:

The danger is immanent that the Syrian side will accuse us of the delays. There are even voices in the Syrian public which talk of a failure of the GDR's industry. [...] Our Syrian partners and their Indian consultants have recommended us repeatedly to appoint a more flexible subcontractor [than Tekhnoeksportstroj] for the construction.<sup>47</sup>

## Sidelining the Comrades

This provided an interesting situation: A “Third World” country was being advised by another one, in this case Indian experts, in a project that was meant to be a “First World” affair and a unilateral transfer of technology by a benevolent developed country. Power relations on the ground proved not to be equivalent to the expectations derived from a macro perspective. The Syrians relied on their Indo-Syrian cooperation and did not trust the Eastern Europeans unanimously. The annual reports by the Indian embassy in Damascus show that the engineering consultancy company from Calcutta, which started working in 1970, had on average not more than 15 engineers stationed in Syria.<sup>48</sup> The number of Indian consultants was by no means sufficient to supervise the entire process of establishing a cement industry in Syria or of monitoring all building sites. Nevertheless, the Indian documents show that the influence of the Indian experts seemed to have been greater than what the East Germans expected, who rarely mentioned them. The documents also show that despite tendencies of Sovietization in Baathist Syria and despite the fact that trade relations between India and Syria were minimal, a handful of engineers from a country not admired for its technological achievements at that time could exert a decisive influence and have meaningful leverage. The engineers obviously belonged to a system of checks and balances envisioned by the Syrians.

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<sup>47</sup> “Information über Zementanlagen SAR”, 11 September 1974, DL 2/16445, BArch, Berlin.

<sup>48</sup> “Annual Consular Report for the Year 1974”, 7 August 1975, NAI, List No. 217, S. No. 547, HI/1011 (42)/75, New Delhi.

For the GDR officials, this meant a dilemma. On the one hand, if they followed the advice of the Indian consultants, they would risk angering their Bulgarian partners, with whom they still had to work together inside the bloc after this project. The political benefit of two socialist countries working together with a former colony would have vanished. On the other hand, doing nothing meant angering the Syrians and potentially taking the full blame for the impending failure of the project. This could result in all contracts being suspended and losing to a competitor, in the worst case a competitor from the capitalist West.

This danger was real since the Asad regime was contemplating an economic opening to the West from time to time. Despite Syria's anti-Israeli policies and prominent role in the Six-Day War and the Yom Kippur War, US President Richard Nixon visited the country from 15 to 16 June 1974. Following his visit, diplomatic relations – which had been broken off by the Syrians in 1967 – were taken up again between the USA and Asad's Syria. Nixon had also promised Asad significant amounts of economic aid. But as the regime realized that they were not high up on the priority list of US economic aid, they severed ties again. Unnecessary to say, the episode had alarmed the socialist countries, foremost the Soviet Union.<sup>49</sup> A rapprochement between Syria and the West would have also had severe repercussions for the position of the minor socialist countries in Syria like the GDR or Bulgaria. This provided the political background for the East German fears expressed in the archival documents.

Threats were lurking everywhere. They were coming from the West in the form of big companies like Krupp or Klöckner from West Germany as well as from Eastern competitors such as Romania. When East Berlin did not reply for six months to a request in the late 1970s by the Syrian government to build – despite the difficulties – even more cement factories than had been agreed on, the Romanian government offered to fill the gap and to provide cheap credit. This alarmed East German officials and they used their influence in Syria to delay the project.<sup>50</sup> As is evident in the letters from the East German embassy in Damascus, there was another problem with the Romanians that branded their efforts as a type of treason:

In accordance with SKET all efforts should be made to prevent the [cement] factory currently erected by the GDR in Musulmiye to be expanded by the SRR [Socialist Republic of

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<sup>49</sup> Karsh, *The Soviet Union and Syria*, pp. 19–20.

<sup>50</sup> "Information über Zementanlagen SAR, 11 September 1974, DL 2/16445, BArch, Berlin, and Antrag auf Geschäftsgenehmigung für die Realisierung weiterer Zementanlagenobjekte in der SAR 1976 – 1978", 7 February 1975 DL 2/16445, BArch, Berlin.

Romania], because they are bound by cooperation agreements to the FRG [Federal Republic of Germany].<sup>51</sup>

If the East German officials feared one competitor the most, it was the West Germans, even if they came disguised in the form of Romanian state companies. Since they regarded Syria as their home turf, they wanted to shut the West Germans out of Baathist Syria as best as possible.

This very multilayered fear of certain competitors becomes even more apparent with another example. In 1975, the East German planners realized that they could not design and prefabricate all the factories demanded by the Syrians all by themselves. They finally had to hand over a contract for the expansion of one factory already built to a competitor. This was the same factory the Romanians wanted to get their hands on some months earlier. They decided to plan the following:

The company VÖEST-ALPINE Linz/Austria, as licensee of SKET/ZAB Dessau, is making the Syrian side the offer to deliver the expansion project Musulmiye 2 × 1600 t/24 h utilizing GDR know-how. Accepting the Syrian demand to ensure full operational capability by the year 1980, VÖEST-ALPINE tries to calculate a minimal price. With this variant, if Invest-Export is not able to conclude a direct export treaty with the Syrian partner, we achieve the following:

The delivery of the cement factory Musulmiye is not done by a competitor like Schneider-Creusot/France or Polysius/Krupp/FRG. These companies, knowing the fact that they would be expanding a factory by the GDR, would try to discriminate against the GDR cement industry. Furthermore, these companies would get detailed insights into GDR cement factories. This means the threat of a know-how drain.<sup>52</sup>

United Austrian Iron and Steel Works (VÖEST) was a state company. If they could not fulfil the Syrian demands themselves, the second best option of choice for the East Germans was a state company of a neutral country. For reasons not explained further in the files, they thought that a company like VÖEST would not betray them, would use the imprint “designed in GDR”, would not discriminate against them, and would not steal their precious know-how. However, the real danger was that Krupp could steal engineering know-how from the GDR in Syria, which was the main reason why the East Germans did not want to cooperate with a member of the bloc, at least in this particular case socialist Romania, that

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<sup>51</sup> “Mitteilung des Handelsrates Genossen Schönherr zum abgeschlossenen Kreditabkommen SAR/SR Rumänien”, 7 May 1974, DL 2/16445, BArch, Berlin.

<sup>52</sup> “Situation Zementanlagenexporte in die Syrische Arabische Republik”, 11 June 1976, DL 2/16445, BArch, Berlin.

had close ties to a Western company. This seems to be paradoxical since the GDR itself was importing heavily from West Germany in the 1970s.

To solve the most imminent problem of the Syrian adventure, the East German Minister of Foreign Trade wrote a letter to his colleague in Sofia. In his letter, he alluded to the great importance of the project for the CMEA and demanded greater efforts:

This cooperation of two socialist countries on third markets – an example for the realization of the Complex Program of the Council for Mutual Economic Assistance – should determine both sides to raise the quality of the mutual implementation of the contract to a level that exceeds the mere abundance by the conditions of the contract [...] The current period for the realization of the assembly is in no way on par with the economic potential of neither the GDR nor the PR Bulgaria.<sup>53</sup>

The outcome of his letter seemed insufficient. Inside the Ministry of Foreign Trade in East Berlin, the arguments for and against an ongoing cooperation with their Bulgarian partner were weighed. A report on the current situation written by a representative of the main East German company for exporting capital goods, Invest-Export, for the Ministry of Foreign Trade reads as follows:

The main problem of our work with the cement objects in the SAR is the acceleration of building and assembling with the aim of the earliest possible date of full operational capability. We are sustaining delays and losses, because the efforts for realizing our goals are ever increasing. Losses are also sustained by our Syrian partner, too, since he has to import cement for a longer time period at steadily increasing prices. Syrabco and TES get all their charges paid as long as they didn't cause the problems themselves. They lack the need to tap all of their reserves.

Contract-wise we can't enforce more vis-à-vis TES, because, unfortunately, we are always behind some conditions of the contract, like with the delivery of projects and equipment. In these cases, we have to make compromises, which do not push our goals forward but cost us a lot of money that we can't get back.<sup>54</sup>

The situation looked rather grim. The East Germans took the blame but could not do anything to share the responsibility or improve the situation since negotiating with TES was fruitless because they could be sure to get paid anyway. Interestingly, the writer of the report did not associate the GDR with Bulgaria, but emotionally the bond seems to have been stronger with the Syrians as he is

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<sup>53</sup> "Entwurf Aide Memoire", without date (most likely early September 1974, DL 2/16445, BArch, Berlin. There is only a draft of the letter left in the file. Taking into consideration the other documents of the file leads to the assumption that this draft was sent with minor corrections.

<sup>54</sup> "Information über Zementanlagen SAR", 11 September 1974, DL 2/16445, BArch, Berlin.



talking of East Germans and Syrians, mainly taking losses together and sharing the same fate, while the Bulgarian company TES and Syrabco profit. This seems a bit troublesome since Syrabco was also a Syrian state company and it was mainly the Syrian side that was rightfully pressuring the Eastern Europeans to stick to their timetables. The sections of the report that were meant to be positive do not sound very enthusiastic either:

Within the SAR we further try, by forceful but comradesly cooperation with our Bulgarian comrades, to unlock their reserves. By doing so, we should make as few compromises as possible. How well the cooperation has already developed can be seen by the fact that TES has for a long time not issued any threats to cease working and to withdraw all their workers.<sup>55</sup>

The fact that the lack of threats by their Bulgarian partners to shut the entire building site down were seen as a sign of improvement probably illustrates the real situation quite well and demonstrates how deficient the cooperation had become. The final decision rested with Minister of Foreign Trade Sölle. He demanded detailed reports by Deputy Minister Clausnitzer and by the ministry's country section responsible for Bulgaria. From an economic angle, the situation was quite clear: The Bulgarian organization TES was not cooperative, refused responsibility, and was more interested in short-term gains than in the success of the entire project, which was meant to be a showcase for socialist cooperation and solidarity. On the other hand, from a political point of view, there were good reasons for muddling through together with the Bulgarians and simply hoping for better days to come. Angering the Bulgarians could have had political repercussions throughout the bloc.

The report by the country section for Bulgaria touches upon these sensitive political issues:

Concerning the political aspect of the behavior of socialist countries on third markets, the basic principles developed at the 28th Session of the CMEA are generally referred to, striving for an ever closer cooperation. It is possible that in this context discussions could arise from time to time at meetings of the GDR/PR Bulgaria committee. We explicitly point out that this should not be made a big political issue, because doing so could damage the relations with the PRB. The remark has been made that the PRB showed little political understanding for problems immediately after the war broke out when they welcomed the unilateral action by the construction collective that left the building site without any regards to prior agreements.

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<sup>55</sup> Ibid.

We recommend in preparation for possible discussions with the Bulgarian side to order Invest-Export to make a compilation of negative examples of the construction process in chronological order. According to comrade Kneifel [an expert in the department], the demanded change of the construction company could be used to agree on more favorable terms for cooperation on third markets with the Bulgarian side in the future.<sup>56</sup>

The country section for Bulgaria therefore recommended to change the construction company but to keep a low profile about it. The East Germans should not raise the issue themselves before the Council for Mutual Economic Assistance in order to not further alienate the Bulgarians, but they should nevertheless be prepared if the Bulgarians took action. On top of detailed accusations that were to be prepared by Invest-Export, the report also mentions the possibility of a general accusation of cowardice and general lack of political understanding. They are obviously referring to the conduct of the Bulgarian collective during the Yom Kippur War. Of particular interest is the suggestion to use this opportunity to cut ties with the Bulgarians for some time in order to pressure them to accept terms more beneficial for the East Germans in the future, since this was exactly what the decision-makers in East Berlin would try to do.

## The Lebanese Liaison

The GDR officials finally decided to get rid of Tekhnoeksportstroj, at least for the moment.<sup>57</sup> Finding a replacement for the Bulgarians in such a short time span and under pressure by their Syrian customer proved to be no easy task. They started to search for a new partner inside the bloc at first, but their efforts proved to be almost fruitless. The only interested contractor they could find came from Yugoslavia.<sup>58</sup> Since there are no further archival documents on negotiations between the Yugoslavian and East German side, most likely one of them did not take the offer seriously and the negotiations were broken off quickly. As a result, the experts in East Berlin had to look for partners outside the bloc, which they finally located in close proximity to their Syrian customer.

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<sup>56</sup> “Standpunkt der Ländersektion VR Bulgarien zum Antrag des AHB Investexport auf Veränderung der Montagefirma für den Aufbau der Zementfabrik Adra”, 1 August 1974, DL 2/16445, BArch, Berlin.

<sup>57</sup> “Bericht über Stand Realisierung Zementanlagen Syrien”, 15 October 1974, DL 2/16445, BArch, Berlin.

<sup>58</sup> Ibid.

They approached two Lebanese companies for the most urgent building sites, located in Adra – an industrial suburb of Damascus – and Hama. Their decision to take on prospective Lebanese partners was motivated foremost by economic considerations. They were negotiating, having started in 1974, with the two companies: Lahoud and Contracting and Trading Co. (CAT).<sup>59</sup> The former company, Lahoud, guaranteed the full operational capability of the plant after its assembly, which they promised to accomplish in time, but they wanted to be paid half in freely convertible US dollars and half in Syrian pounds. Since US dollars were scarce, their offer contained drawbacks.<sup>60</sup>

The representatives of the construction company CAT offered even more professionalism and entrepreneurial thinking than Lahoud. They agreed to share the responsibility for the entire project even if calamities should happen that were not entirely their fault. They also accepted to start working before all machines and equipment had been delivered to the building site. The Bulgarians, oppositely, had refused to do so even if the missing equipment was needed only for the final stages of assembling. CAT also promised to increase its workforce on short notice, if necessary, and to reduce the workforce, if there was no work to be done because of a lack of supplies. The Bulgarian company TES had never offered such flexibility. CAT agreed to be paid if certain progress on the building site had been achieved and not simply if certain prefixed dates had passed – a concept rather alien to the Bulgarian company – and accepted exclusive payment in Syrian and Lebanese pounds, therefore the GDR would not have to use its US dollar reserves. TES, in comparison, wanted 27 per cent of the full amount to be paid in US dollars.<sup>61</sup>

The Lebanese firms thus offered better terms and flexibility. They even showed greater technical expertise than the Bulgarians, which meant that the GDR had to send only half of their own engineers to the building sites than were needed for the Bulgarian subcontractor. How bad things were going and how bad the experts in East Berlin regarded the quality of work of their Bulgarian partners is best illustrated by the following statement:

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59 “Montage Zementwerke Hama und Adra SAR, Vorlage zur Durchsprache und Entscheidung über Währungsfragen, Zahlungsbedingungen und andere in diesem Zusammenhang stehende Fragen”, 31 January 1975, DL 2/16445, BArch, Berlin.

60 “Montage Zementwerke Hama und Adra SAR, Vorlage zur Durchsprache und Entscheidung über Währungsfragen, Zahlungsbedingungen und andere in diesem Zusammenhang stehende Fragen”, 31 January 1975, DL 2/16445, BArch, Berlin.

61 “Montageausführung des Zementwerkes ‘Adra’ – S.A.R.”, 21 June 1974, DL 2/16445, BArch, Berlin.

The number of GDR consultants can be reduced if CAT takes over the assembly, from 30 to 15. The experience with our cement factories currently assembled by TES in the SAR shows that – despite the promise of a complete assembly – a high contingent of GDR consultants is required.<sup>62</sup>

Nevertheless, politics were still instrumental. At least one of the two Lebanese companies, CAT, possessed another advantage:

This company [CAT] was recommended to us by the Communist Party [CP] of Lebanon on the occasion of the visit of the delegation of the CP of Lebanon in the GDR. This recommendation is supported by the responsible department inside the Central Committee of the Socialist Unity Party of Germany [SED].

We could hereby set a precedent on how to boost developing countries in their development by awarding such contracts.<sup>63</sup>

The available documents indicate that the GDR awarded each of the two Lebanese companies one contract. It is interesting that while decisions were mainly driven by economic considerations, politics always remained a strong undercurrent. The decision to hire Lebanese companies and to get rid of their Bulgarian partner had to also be justified in political terms, leading to the consideration of presenting the change of partners as a virtue, as can be seen in the statement above. The benefits of socialism were also visible by cooperating with locals. The fact that CAT was recommended to East Berlin by the Lebanese CP was of great benefit in justifying the decision and probably eased the conscience of East German decision-makers, who had abandoned their Bulgarian comrades. Communist allegiance could also advance the necessary trust to seal a deal.

To ease the tensions between Berlin and Sofia, the talks with the Bulgarian company were continued, being selected again as a subcontractor for cement factories in Syria that were to be built in the late 1970s and early 1980s.<sup>64</sup> The period between the dismissal of TES and its reemployment proved difficult, and the GDR officials were expecting severe criticism by the Bulgarians at the official CMEA meetings. Bulgarian representatives had already complained bilaterally to the Council of Ministers of the GDR in 1975.<sup>65</sup> Fortunately for the East

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<sup>62</sup> Ibid.

<sup>63</sup> “Montageausführung des Zementwerks ‘Adra’ – SAR”, 14 May 1974, DL 2/16445, BArch, Berlin.

<sup>64</sup> “Information über Effektivitätsprobleme beim Export von Zementanlagen nach Syrien”, 11 January 1980, DN 1/20698, BArch Berlin.

<sup>65</sup> “Letter by the department for economic policy at the East German embassy in Sofia to the Deputy Head of the Council of Ministers, Dr. Weiz”, 27 March 1975, DL 2/16445, BArch, Berlin.

Germans, no public disputes arose out of the issue. Inside the CMEA, both blamed the Syrians for all the problems.<sup>66</sup>

As far as the Lebanese companies are concerned, there is no further mention of them in the files from the late 1970s. So their continued involvement remains unclear. Considering the outbreak of the civil war in Lebanon in the mid-1970s, it is quite possible that the cooperation had to be discontinued because of the devastation caused by the conflict. This made the shift back to the former Bulgarian partner look as if it was being forced by the circumstances and not taken on their own free will. But since the most imminent problems had been solved by employing the Lebanese companies, renewing cooperation with the Bulgarians promised to ease political tensions looming inside the CMEA while having no immediate negative side effects, such as angering the Syrian partners.

This does not mean that everything was fine in the long run. Since the Bulgarians and East Germans refused to solve the immediate causes for their cooperation complications, there was no assurance that these problems would not resurface to haunt them again. And indeed, problems arose again in 1979 and 1980. The coordination between the East German state cooperatives and the Bulgarian building company TES had not improved in the meantime. Delays occurred that demanded extra payments by the East German authorities.

## A Success Story?

Nevertheless, the factories were built and fully operational in the end. Some of them even exceeded their planned production capacity by up to 15 per cent.<sup>67</sup> So the entire project could be called a success. Syria contained no cement industry worthy of that name at the start of the 1970s. At the end of the decade, it could produce more than 4 million tons annually.<sup>68</sup> This was development in a basic sense. The reasoning behind it was to produce Syrian cement for Syrian buildings, eliminating the need for imports. At the beginning of the first stage

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<sup>66</sup> “Informatsiia k soveshchaniu predstavitelei VTO stran-chlenov SEV po voprosam okazaniia tekhnicheskogo sodeistviia razvivaiushchimsia stranam v stroitel'stve predpriatii stroitel'noi promyshlennosti, kotoroe sostoitsia v noiabre 1979 g. v g. Varshave”, 12 October 1979, Fond 561, op. 53, d. 101, ll. 251–254, RGAE, Moscow.

<sup>67</sup> “Bericht über die am 30.4.1976 geführte Beratung mit dem Stellvertreter des Generaldirektors des AHB Invest-Export, Genossen Nolte”, 4 May 1976, DL 2/16445, BArch, Berlin.

<sup>68</sup> This amount was determined according to the planned daily capacity of the cement factories built in the 1970s, multiplied by 330, the yearly operational time span assumed by the East German designers.

of the project, the country had to import almost 4 million tons of cement annually at a price of USD 60 per ton.<sup>69</sup> Substituting all imports of cement thus meant saving more than USD 200 million of imports every year. This was an outcome the planners already had in mind beforehand.<sup>70</sup> Producing Syrian cement also meant more jobs for a rapidly growing population.<sup>71</sup> It seems evident that providing jobs for young people is an urgent issue in a society that is expanding fast and threatened by unrest, resulting from high unemployment among young people. However, this argument is hard to find in the sources of CMEA countries. That the creation of a sizable number of jobs in the field of industry indeed played a big role for Syrian and other decision-makers from “developing countries” is confirmed by former negotiators of CMEA member states.<sup>72</sup>

On a more abstract level, the entire project can be defined as industrialization by import substitution. This was no development method invented by Soviet economists as it was very popular throughout the twentieth century in many different countries.<sup>73</sup> Economically, it can be defined as a simple Solow model. It was based on the assumption that developing countries needed to quickly build up a capital stock in order to close the economic gap. To achieve this aim, they were in need of external help. This assumption was also very popular in the West and guided Western development experts and economists to a significant degree, at least up until the early 1980s.<sup>74</sup> A question not asked in the documents but of economic importance concerns the opportunity costs: Were the cement factories worth the price? The calculation includes not only the USD 270 million in credit but also the potential costs and benefits of other projects that were rejected in favour of the cement plan. To answer this question, access to Syrian documents would be needed.

From a political perspective, the project was not the success story originally intended. The multilateral cooperation between two countries of the socialist bloc – one of them considered severely backward at least up to the Second World War – and a former colony proved to be a near failure. It did not lead to catastrophe, but the cooperation had to be suspended for some time and the GDR

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<sup>69</sup> “Information über Zementanlagen SAR”, 11 September 1974, DL 2/16445, BArch, Berlin.

<sup>70</sup> Ibid.

<sup>71</sup> The population of Syria had expanded from 3.25 million in 1950 to 6.3 million in 1970. By 1990, it exceeded 12 million.

<sup>72</sup> Interview with Dr. E. Klover, 8 January 2016, Berlin.

<sup>73</sup> H.W. Arndt, *Economic Development: The History of an Idea*, Chicago: University of Chicago Press, 1987, pp. 72–73.

<sup>74</sup> Ibid., pp. 54–55.

officials had to choose another partner from outside the bloc. The problems could not be hidden from the Syrians. The project could not provide substantial propaganda gains for the CMEA in the Global South, even if the factories were eventually built.

Concerning the relationship triangle between the GDR, Bulgaria, and Syria, the economically most advanced of the three countries was not the one always in charge of the situation. When the project had started, the GDR officials were often pressured by others, be it their Bulgarian partners from inside the bloc, their Syrian customers, or the outside consultants from India, who had a decisive influence in a critical phase of the project. The East Germans managed to survive, but they were afraid that they could lose. They feared competition from both the West – especially West Germany – and from the East. This shows that solidarity inside the bloc and between the bloc and the emerging nation-states was more than merely an empty promise, as can be seen in the careful communication between Berlin and Sofia. However, it stood on very shaky grounds. Solidarity was affordable, as long as the “economics” of solidarity proved to be beneficial for recipient and donor.

Problems also arose from the complexity of the entire project. Building a cement industry in Syria demanded not only close cooperation between the Bulgarian and East German partners, but also sophisticated planning beforehand, much of it being the responsibility of the planners in the East German state cooperatives. The cement factories had to be designed and prefabricated, complex logistics had to be envisioned and organized, and engineers and experts had to be summoned who were able to work under different conditions in Syria and to provide understanding for the particular problems of their Syrian customers, including difficult negotiations. A certain Sovietization of the Syrian administration by the socialist bloc countries probably had eased cultural differences and differences in working attitudes between East German and Syrian state planners, but they did not cease to exist.

Concerning the Syrian side, it is clear that despite a certain ideological affinity to the Eastern bloc and socialist-trained bureaucrats, the decision-makers at no time followed the Eastern experts blindly. They retained their autonomy and controlled the Eastern experts by seeking expertise and advice from multiple sources. The fact that a large part of the project was financed on credit, provided them with a certain leverage. They could pressure their Eastern partners and delay payments, if they wished, without having to face severe consequences.

Further archival material suggests that the Syrian case was less of an anomaly and more of an example of the technical assistance of the GDR. Similar problems occurred in neighbouring Iraq, when, at the same time during the late 1970s, East German engineers tried to build a modern slaughterhouse in

Baghdad. This was another multimillion-dollar project that the East Germans had acquired not because of their superior technology compared to their West German competitors but because of their good relations to the Baath Party of Iraq. It was also meant to be an illustrative example of socialist cooperation envisioned on CMEA principles. The only difference was that they did not cooperate with TES but took the Romanian construction company Arcom on as a partner.<sup>75</sup>

## Conclusion

The aim of this chapter was to counter a popular narrative of the socialist countries borrowing from the West in the 1970s and concentrating all their efforts on capitalizing on the new opportunities emerging from détente. Although it is true that the socialist countries did try to use the economic and political benefits arising in the West in the 1970s, this did not stop them from cooperating with the Global South and with each other. On the contrary, the 1970s proved to be the time of unprecedented close cooperation between CMEA countries and between the East and the South. This more often than not is forgotten or hardly mentioned in contemporary research.

The episode described in this chapter encompasses several characteristics of a Shakespearean drama. A well-thought plan was becoming obsolete and haunted by bad luck almost immediately after it had been put into practice. The two partners – Bulgaria and the GDR – who wanted to show the merits of socialist cooperation, soon after got into quarrels. They almost severed relationships due to the issues that had arisen between them. When the third party, the Syrians, got to know the full scale of the problems, they asked their Indian consultants, whose involvement was not obvious to the Eastern Europeans, for advice. The East Germans were forced to make a decision and decided to part with their Bulgarian brethren to get the work done. But their separation did not last long, and they were reconciled again in the late 1970s. This could be described as a happy end. But as is true for any Elizabethan drama, the worst times were yet to come.

Nevertheless, it is clear that the administrative personnel and political elite of the socialist bloc invested a lot of its energy into forging not only political but also economic ties with the Global South. On the one hand, the Syrian example could be interpreted as a failure. But, on the other hand, the problems

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75 “Ökonomische Gesamtrechnung des Anlagenexportvorhabens ‘Modernes Schlachthaus Bagdad’”, 20 August 1979, DN 1/20698, BArch, Berlin.



described in this chapter also show the complexity of economic and political relations that had been achieved inside the CMEA – illustrated by the sophisticated supply chains and the East German-Bulgarian division of labour – and between CMEA countries and the Global South. The CMEA as an entity was something the socialist decision-makers had increasingly in mind, as the cooperation between Bulgarian and East German state companies was an affair that exceeded the mere national and bilateral levels. The potential repercussions of their steps taken in Syria for CMEA negotiations thus played a role in influencing decisions in Sofia and East Berlin. None of these close ties had been present 20 years before. The space of interaction that became available in the 1970s and is illustrated by the example of the Syrian cement industry had repercussions for the West as well and was thus a global affair. Foreign trade officials from CMEA member states in particular had to operate with a model of three different but overlapping worlds in their day-to-day affairs. Solidarity had its place in this world of differing trade regimes, albeit one that was subordinated to economic cost-benefit analysis.

