Anne Dietrich

8 Bartering Within and Outside the CMEA: The GDR's Import of Cuban Fruits and Ethiopian Coffee

Introduction

The global economic trend of the late 1970s was a driving force for the establishment and intensification of trade relations between the German Democratic Republic (GDR) and socialist-leaning countries of the Third World. At that time, industrialized countries on both sides of the Iron Curtain were facing a phenomenon that Niall Ferguson calls "the shock of the global".[1] The 1973 oil crisis, rising interest rates on the international capital markets, increasing competition from the Far East, and the structural transition from manufacturing to service industries challenged both the economies of the East and the West, with the exception that the Eastern bloc countries had only limited opportunities to adjust to the new situation.[2] One opportunity they did have was to change the nature of their foreign trade policy, focusing on different trade partners and alternative payment arrangements. Thus, bartering with newly independent nation-states in the Global South provided them with natural resources and agricultural products they could not have afforded otherwise. In turn, the Eastern bloc countries offered manufactured goods, development aid, and military support. With regard to intra-Council for Mutual Economic Assistance (CMEA) commodity exchange, bartering was nothing new at all: it had been a standard commercial practice between its member states since the early stages of the organization. But due to the deteriorating economic conditions in the Eastern bloc at the end of the 1970s, its nature changed significantly. More and more Eastern European CMEA member states wished to go their own way, putting their individual interests above general concerns to satisfy their own needs. As a result, they competed with each other for rare minerals, highly demanded agricultural products, and other scarce goods. In that context, GDR trade officials focused on Ethiopia and Cuba to provide the East

1 N. Ferguson, "Crisis, What Crisis? The 1970s and the Shock of the Global", in: N. Ferguson et al. (eds.), *The Shock of the Global*, Cambridge: Belknap Press, 2010, pp. 1–21, at 15.
2 Cf. S. Kotkin, "The Kiss of Debt: The East Bloc Goes Borrowing", in: N. Ferguson et al. (eds.), *The Shock of the Global*, Cambridge: Belknap Press, 2010, pp. 80–93, at 80.

https://doi.org/10.1515/9783110646030-008

German population with coffee and citrus fruits, which had been in short supply for the previous decades.

This chapter deals with the Cuban-East German intra-CMEA commodity exchange from 1976 onwards and a bilateral trade agreement that was concluded between the GDR and Ethiopia in 1977. It addresses the following questions: Why were these trade arrangements concluded initially? What were the different spaces of interaction? Who negotiated in favour of which party? Which problems occurred and which conflicts arose? And finally, which underlying motives played a role in the creation of these trade arrangements, as well as their continuation or termination, and which strategies were pursued by East German actors?

The chapter analyses bilateral and multilateral negotiations and concrete spaces of interaction, like a joint multinational enterprise (the citrus fruit processing plant in Ciego de Ávila as a subproject of the CMEA Citrus Programme) or infrastructural projects (the planned extension of the port of Assab) between the socialist states and their Southern partners that opened up along the supply chains. I turn to two East German strategies that were significant for both trade relations: bartering and exerting influence on the spot. Therefore, I focus on the coffee barter business with Ethiopia, which was initiated at the suggestion of East German representatives in the summer of 1977, and the intensification of the East German citrus imports from Cuba during the second half of the 1970s and the following decade. A barter deal, as a countertrade transaction, allowed raw materials, agricultural products, or manufactured goods to be acquired without the use of foreign currency. This form of commodity exchange was of particular interest for both trade partners at the end of the 1970s, the GDR, on the one side, and Ethiopia and Cuba, on the other side. While the East German consumer society suffered from coffee scarcity due to rising world market prices, the Derg regime, under Mengistu Haile Mariam, desperately needed weapons to fight the Somali invasion in the east of the country. In the case of Cuba, the increased production of citrus fruits helped to improve not only the East German tropical fruit supply but also the island's own infrastructure. From that perspective, bartering agricultural products for manufactured goods offered advantages to both trade partners. Another common feature of both trade relations was the fact that the GDR not only acted as a mere customer, but also tried to become involved in the production process. Therefore, East German officials decided to invest in joint ventures in Cuba and Ethiopia.

The aim of this chapter is to prove that both the structure and purpose of the East German foreign trade policy changed due to economic crises on a global and national scale and to transformations within the socialist consumer societies at the end of the 1970s. As a result, the GDR's foreign trade officials' motives shifted from ambitions of "international solidarity" to more pragmatic and economically oriented approaches.[3] To be precise, instead of supporting countries in the Third World, saving foreign currency by means of economic cooperation became their primary objective. The bilateral coffee barter trade with Ethiopia in 1977 and 1978 illustrates this shift precisely. Furthermore, it demonstrates that the GDR not only acted on behalf of the Soviet Union in Cold War Africa, but also followed its own economic interests. The intra-CMEA commodity exchange with Cuba, on the other hand, was strongly influenced by Soviet stipulations, albeit subject to individual negotiations. As a result, each member state concluded individual bilateral contracts with the Caribbean country to meet its own needs, sometimes colliding with the demands of other member states, especially at the end of the 1970s.

In the following, I will outline the foundation of the supply agreement between Cuba and the GDR – within the framework of the CMEA Citrus Programme – and focus on the key actors involved in the negotiation process of the Coffee Agreement of 1977. This latter case is especially interesting because here one has to emphasize the strong personal links behind this agreement too. Not only East German and Ethiopian trade officials, but also members of the top leadership of both governments, acted as negotiating partners. Then I will clarify which problems occurred in the collaboration between the GDR and Cuba and which conflicts led to the termination of the East German Ethiopian countertrade in 1979. Finally, I will elaborate on a common feature of both trade agreements, which served as a strategy to exert influence in the producer country: East German officials decided to invest in joint ventures alongside the supply chain to guarantee a steady delivery of coffee and citrus fruits. This paper is based on German, Ethiopian, and Cuban archival sources, including ministerial documents and newspaper articles.

---

3 A. Dietrich, "Kaffee in der DDR – 'Ein Politikum ersten Ranges'", in: C. Berth, D. Wierling, and V. Wünderich (eds.), *Kaffeewelten: Historische Perspektiven auf eine globale Ware im 20. Jahrhundert*, Göttingen: Vandenhoeck & Ruprecht, 2015, pp. 225–247, at 235; A. Dietrich, "Zwischen solidarischem Handel und ungleichem Tausch: Zum Südhandel der DDR am Beispiel des Imports kubanischen Zuckers und äthiopischen Kaffees", in: *Journal für Entwicklungspolitik* 30 (2014) 3, pp. 48–67, at 49.

The CMEA Citrus Programme and the 1977 Coffee Agreement

Although there were several socialist-leaning countries in the Global South that offered tropical fruits on the basis of barter agreements, such as Mozambique and the Philippines, Cuba was the only one that profited from membership in the CMEA. Since its accession in 1972, Cuba benefited not only from preferential prices for its main export product – sugar – but also from a constant flow of capital, raw materials, products, and skilled workers from the Soviet Union and Eastern Europe. In order to set up a modern sugar industry and to increase the island's supply capacities, the GDR exported industrial plants and technical equipment in particular, and East German representatives in an advisory capacity were sent to Cuba in the first half of the 1970s. Similarly, the Cubans expected significant improvements for their domestic citrus industry by a renewed cooperation with the GDR in the late 1970s and early 1980s. The Soviet Union and the GDR were Cuba's main partners in the CMEA Citrus Programme. As a result, both countries absorbed huge quantities of fresh fruits from Cuba. Finally, East German officials decided to enter into a joint venture with Cuba to build a citrus fruit processing plant in Ciego de Ávila, in the centre of the island. This cooperation was supposed to guarantee a steady supply of processed fruits while allowing the East German officials to exert some influence on the spot.

The coffee barter business between the GDR and Ethiopia was part of a bilateral trade agreement between the two countries, which was signed in 1977 and replaced an earlier treaty from December 1976. Initially, the 1977 trade agreement met both East German and Ethiopian demands, as each trading party was requesting an exchange good the other could easily supply. While the GDR was seeking affordable raw coffee, Ethiopia's Derg regime,[4] under Mengistu Haile Mariam, desperately needed weapons and other military equipment to fight the Somali invasion in the east of the country, in the Ogaden region, as well as to persecute internal opponents. As the United States had stopped their deliveries of arms after Mengistu's coup d'état in February 1977, the Provisional Military Administrative Council (PMAC) had to search for other military assistance, especially because Somalia and separatist groups in Eritrea, since 1950 a federated

4 In the coming pages, I will use the terms Provisional Military Administrative Council (PMAC) and Derg synonymously when referring to the military regime that governed Ethiopia from 1974 until 1987.

entity of Ethiopia, were still supported by the Soviet Union.[5] Facing the global coffee price development in the second half of the 1970s, the GDR was more than willing to take over this task. Since a severe frost in 1975 had damaged a huge proportion of Brazil's coffee plants, the country's coffee production shrank by almost 75 per cent.[6] The Brazilian crop failures caused a global coffee scarcity and soaring prices on the world market, which was a blessing for other coffee-exporting countries, especially in Africa, but a curse for the coffee-importing nations in Europe and North America. In early 1977, the average market price of coffee (ICO indicator price) reached its peak. That year the GDR had to pay the record amount of 667.2 million Valuta mark (VM)[7] for only 53,307 tons of raw coffee.[8] The previous years, between 1972 and 1975, it had already spent an average of VM 150 million annually on coffee imports. One has to keep in mind that these expenses hit the national economy of the GDR harder than those of the Western capitalist countries, as its fixed price guarantee eliminated any possibility to pass the rise in prices to the consumers. Moreover, prices for raw materials also increased rapidly over the course of the 1970s due to the increasing oil price, which was a consequence of the Yom Kippur War (1973), though its impact on the Eastern bloc was delayed by the CMEA price policy.[9] At the same time, the debt crisis of the Eastern bloc did not permit higher state expenses on the basis of

5 Cf. O.A. Westad, *The Global Cold War: Third World Interventions and the Making of our Times*, Cambridge: Cambridge University Press, 2007, pp. 259–265.

6 J.M. Talbot, *Grounds for Agreement: The Political Economy of the Coffee Commodity Chain*, Lanham: Rowman & Littlefield, 2004, pp. 67–71; H.-J. Döring, *"Es geht um unsere Existenz": Die Politik der DDR gegenüber der Dritten Welt am Beispiel von Mosambik und Äthiopien*, Berlin: Ch. Links Verlag, 1999, p. 115; S. Topik, "The Integration of the World Coffee Market", in: W.G. Clarence-Smith and S. Topik, *The Global Coffee Economy in Africa, Asia, and Latin America 1500–1989*, Cambridge: Cambridge University Press, 2003, pp. 21–49, at 35; V. Wünderich, "Die 'Kaffeekrise' von 1977: Genussmittel und Verbraucherprotest in der DDR", *Historische Anthropologie: Kultur – Gesellschaft – Alltag* 11 (2003), pp. 240–261, at 244.

7 VM 1 = approx. 1 Deutsche Mark (or USD 0.49) at that time.

8 "Coffee and Cocoa Provision", 13 December 1977, DY 3023/1218, p. 404, Bundesarchiv (BArch), Berlin; cf. Döring, *Es geht um unsere Existenz*, p. 115; K. Pence, "Grounds for Discontent? Coffee from the Black Market to the Kaffeeklatsch in the GDR", in: P. Bren and M. Neuburger, *Communism Unwrapped: Consumption in Cold War Eastern Europe*, Oxford: Oxford University Press, 2012, pp. 197–225, at 216; J. Staadt, *Eingaben: Die institutionalisierte Meckerkultur in der DDR*, Berlin: Forschungsverbund SED-Staat, 1996, p. 41; S. Wolle, *Die heile Welt der Diktatur: Alltag und Herrschaft in der DDR 1971–1989*, Bonn, 1999, p. 200.

9 Cf. G.M. Winrow, *The Foreign Policy of the GDR in Africa*, Cambridge: Cambridge University Press, 1999, p. 160; S. Kotkin, *The Kiss of Debt*, p. 83.

Western credits.[10] As a result, the party leaders decided upon an austerity policy, which included the reduction of coffee, cocoa, and tropical fruits imports and intensified their efforts in developing alternative trade relations.[11] Cuba's recent specialization in the production of citrus fruits and the socialist orientation of the new government in Ethiopia, a country well known for its coffee production, were favourable conditions in this context.

Although both trade relations shared similar features with regard to the engagement of foreign trade companies, the establishment of joint multinational enterprises, and the implementation of infrastructural projects, the outcomes have been completely different. I argue that the East German coffee trade agreement with Ethiopia was advantageous for both parties in the beginning, but failed in the end since Ethiopia did not benefit to the same extent. Though the prospect of mutual support seemed promising, in the Ethiopian case the long-term outcome had not been as satisfying as the ideological ambitions. Nevertheless, it should be emphasized that the GDR had initially planned to invest in development projects in Ethiopia, such as the expansion of the port of Assab. When it came to the negotiation process with Cuba, in turn, East German foreign trade officials had to struggle with initial difficulties. But once implemented, the citrus barter arrangement proved to be successful in the long run.

In 1972, Cuba became a member of the CMEA, and from that point onwards it became fully integrated into the socialist economic system and foreign trade policy. In accordance with the terms of CMEA's Comprehensive Programme for Socialist Economic Integration, Cuba would specialize in the production of citrus fruits in 1976.[12] The general agreement on Cuba's Citrus Programme was signed on 4 July 1981 by several member states during the 35th CMEA meeting in Sofia. Apart from Cuba, the Soviet Union Bulgaria, the GDR, Czechoslovakia, Poland, and Hungary were actively involved in the programme. They granted Cuba a loan on favourable terms for the next five years: a total amount of 300 million Cuban pesos, including convertible currency, and a period of 17 years for the repayment at an annual interest rate of 2 per cent.[13] In addition, each party provided Cuba with agricultural and industrial technology: Bulgaria supplied pumping stations and refrigeration units, Czechoslovakia and the GDR provided forklifts, tractors, and other agricultural vehicles, and Hungary and the Soviet

10 Cf. A. Steiner, *Von Plan zu Plan: Eine Wirtschaftsgeschichte der DDR*, Bonn: Deutsche Verlags-Anstalt, 2007, pp. 191–196.
11 Cf. Ibid., p. 189.
12 Cf. A. Nova González, *Aspectos económicos de los cítricos en Cuba*, Havana: Científico-Técnica, 1988, p. 36.
13 Ibid., p. 37.

Union were in charge of sprinkler systems, irrigation plants, water supply systems, and packaging machinery.[14] The latter was required for several citrus fruit processing plants, which were to be erected at different sites on the island in co-operation with Poland, Czechoslovakia, and the GDR.[15] Prior to this, the Cubans themselves had begun to implement the most important measure of the CMEA Citrus Programme, which was to extend the areas under cultivation. As a result, farmland used for the cultivation of citrus fruits increased to a total size of 125,000 ha in 1981, compared to 12,000 ha in 1958.[16]

At the same time, the initially small Cuban citrus export of lemons, oranges, tangerines, and grapefruits started to grow in numbers, and the GDR became one of its main customers. In total, Cuba exported 141,000 out of 286,800 tons of citrus fruits produced in 1978. In 1981, it set a new record by exporting 260,600 out of 455,500 tons.[17] East German imports of Cuban citrus fruits were supposed to grow in a similar manner. The Ministry of Trade and Supply intended to ensure a steady improvement in tropical fruits supply by importing 80,000 tons in 1981, 94,000 tons in 1982, 107,000 tons in 1983, 123,000 tons in 1984, and finally 134,000 tons in 1985.[18] More than once, Cuba was not able to deliver the required quantities in time. In fact, Cuban oranges and grapefruits often replaced the lack of lemons and tangerines.[19] Cuba was also supposed to provide the Eastern bloc countries with juices, concentrates, extracts, and essences, but the country suffered from a number of emerging problems associated with the production of these.[20] Due to building delays, the Cuban citrus fruit processing plants failed to start operating in time. As a result, Cuba was not capable of supplying the

14 Ibid.

15 "Beteiligung der DDR an der Durchführung wissenschaftlicher und technischer Forschungen zur Erfüllung des 'Planes der beschleunigten Entwicklung von Wissenschaft und Technik der Republik Kuba bis 1990'", DL1/24990, p. 16, BArch, Berlin; Nova González, *Aspectos económicos*, p. 36

16 Nova González, *Aspectos económicos*, pp. 23–25.

17 Ibid., pp. 23–25.

18 "Abkommen über den Warenaustausch in den Jahren 1981–1985 zwischen der DDR und der Republik Kuba", DL 2/5651, p. 2, BArch, Berlin.

19 Cf. "Brief von Lemke an de la Fuente", 3 June 1981, DL 1/24992, BArch, Berlin; "Protokoll zum Abkommen über den Warenaustausch zwischen der Deutschen Demokratischen Republik und der Republik Kuba im Jahre 1983", 15 March 1983, DL 2/5651, p. 31, BArch, Berlin; "Protokoll zum Abkommen über den Warenaustausch zwischen der Deutschen Demokratischen Republik und der Republik Kuba im Jahre 1984", DL 2/56510, p. 29, BArch, Berlin; "Protokoll zum Abkommen über den Warenaustausch zwischen der Deutschen Demokratischen Republik und der Republik Kuba im Jahre 1985", DL 2/5651, p. 29, BArch, Berlin.

20 Cf. "Protokoll Warenaustausch DDR-Kuba 1981", 8 November 1980, DL 2/5651, pp. 28–29, BArch, Berlin.

quantities agreed upon.[21] However, Cuba's specialization in the production of citrus fruits helped to reduce certain supply shortfalls with regard to the provision of tropical fruits in the Eastern bloc in general and in the GDR in particular, as described further below.

In contrast to the citrus trade agreement with Cuba, the Coffee Agreement (1977) between the GDR and Ethiopia was carried out bilaterally and with the utmost discretion. High officials of both governments were directly involved in the negotiation processes. The GDR government had chosen Werner Lamberz for the on-site discussions in Addis Ababa. The secretary for agitation and propaganda at the Central Committee of the Socialist Unity Party of Germany (SED) had proved to be skilled in negotiating with leaders from the Third World in the past.[22] The country in the Horn of Africa was in turmoil when Lamberz visited Ethiopia for the first time in February 1977, immediately after Mengistu's coup d'état. The previous PMAC chairman, Teferi Bante, had been killed during a shoot-out between members of the regime's two opposing groups in the PMAC headquarter on 3 February.[23] The new chairman, Mengistu Haile Mariam, was known for his pro-Soviet course and therefore attracted support from Moscow quite easily. Nevertheless, the Soviet Union still delivered weapons to Ethiopia's enemy Somalia at that time. Mengistu had to search for other allies within the Eastern bloc. Thus, he sent a letter to Erich Honecker, the general secretary of the SED, asking him for help. Additionally, Werner Lamberz, who was in Maputo

21 "Information über den Abschluß der Verhandlungen zum Protokoll über den Warenaustausch zwischen der DDR und der Republik Kuba im Jahre 1984", DL2/6174, p. 263, BArch, Berlin.

22 Werner Lamberz started his political career in the East German youth organization Free German Youth. Since the early 1960s, he focused on the ideological aspects of foreign policy and the GDR's Africa policy in particular. Lamberz, who later became the leader of the Central Committee's Agitprop department, was well known for his outstanding social and language skills. He was a close confidant of Erich Honecker and considered his potential successor in office. He died in a helicopter crash in the Libyan desert in 1978, after he had met Muammar al-Gaddafi for secret negotiations about economic cooperation in Africa and the Middle East and North Africa (MENA) region (Cf. Döring, *Es geht um unsere Existenz*, pp. 62–69).

23 Cf. M. and D. Ottaway, *Ethiopia: Empire in Revolution*, New York: Africana Publishing Company, 1978, p. 143; R.G. Patman, *The Soviet Union in the Horn of Africa*, Cambridge: Cambridge University Press, 1990, p. 151; Winrow, *The Foreign Policy of the GDR in Africa*, p. 99; A. Tiruneh, *The Ethiopian Revolution 1974–1987: A Transformation from an Aristocratic to a Totalitarian Autocracy*, Cambridge: Cambridge University Press, 1993, p. 206; Döring, *Es geht um unsere Existenz*, p. 108; Westad, *The Global Cold War*, p. 259; B. Zewde, "The 'Red Terror' in Ethiopia: Historical Context and Consequences", in: B. Zewde, *Society, State and History: Selected Essays*, Addis Ababa: Addis Ababa University Printing Press, 2008, pp. 428–444, at 438.

at the 3rd Mozambique Liberation Front congress at the time, was invited to visit Addis Ababa.[24] On 10 February, he arrived at Bole International Airport.[25] On the same day he met Mengistu, with whom he discussed the future bilateral relations between Ethiopia and the GDR. Back in the GDR, Lamberz met journalists of the official party newspaper of the SED, *Neues Deutschland*, and argued in favour of the Ethiopian Revolution and the new Derg regime led by Mengistu Haile Mariam.[26] In an interview with the East German magazine *Horizont*, he also supported Mengistu's wish for military goods from the GDR.[27] Shortly afterwards, the first East German weapon deliveries arrived in Ethiopia.[28]

When Werner Lamberz returned to Addis Ababa in June 1977, he had a new mission. General Secretary Erich Honecker and Günter Mittag, secretary for economy at the Central Committee of the SED, had briefed him beforehand to discuss the acquisition of Ethiopian coffee on a barter basis. This time, his delegation included representatives from the State Planning Commission, the Ministry of Foreign Affairs, and the Ministry of Foreign Trade of the GDR, and was given a warm welcome by General Secretary Fikre-Selassie Wogderess and other Ethiopian officials at Bole International Airport.[29] The East German delegation members stayed five days. During that time, they visited a farmers' cooperative near Debre Zeyit and a coffee washing station in Djimma to learn about coffee planting and processing in the Oromia region.[30] On 14 June, they met Mengistu Haile Mariam and negotiated for more than three hours about bilateral trade relations and future economic cooperation between the GDR and Ethiopia.[31]

In the end, a trade protocol was signed on 16 June by Friedmar Clausnitzer from the GDR Ministry of Foreign Trade, and the Ethiopian minister of commerce and tourism, Ashagre Yigletu.[32] It included the sum of 5,000 tons of raw coffee, which would be delivered annually, between 1977 and 1982, by the

24 Cf. H.G. Dagne, *Das entwicklungspolitische Engagement der DDR in Äthiopien: Eine Studie auf der Basis äthiopischer Quellen*, Münster: LIT Verlag, 2004, p. 23; Döring, *Es geht um unsere Existenz*, p. 109; Westad, *The Global Cold War*, pp. 271–272.

25 *Ethiopian Herald*, 11 February 1977, p. 1; cf. Winrow, *The Foreign Policy of the GDR in Africa*, p. 99.

26 Cf. Döring, *Es geht um unsere Existenz*, p. 22.

27 *Horizont*, 1977, 10/9, pp. 3–5; cf. *Ethiopian Herald*, 24 February 1977, p. 1.

28 Döring, *Es geht um unsere Existenz*, p. 115.

29 Ministry of Foreign Affairs Archive (MoFA)/GDR-DMG-6/8, without page numbers; cf. *Ethiopian Herald*, 14 June 1977, pp. 1 and 6.

30 *Ethiopian Herald*, 17 June 1977, p. 4; *Ethiopian Herald*, 8 March 1978, p. 7

31 *Ethiopian Herald*, 14 June 1977, p. 6; *Ethiopian Herald*, 15 June 1977, pp. 1, 3, 4.

32 MoFA/GDR-DMG-6/15, without page numbers.

state-owned Coffee Marketing Corporation.[33] In turn, the GDR would send trucks and military goods, especially smaller weapons, munitions, steel helmets, and durable bread (which the Ethiopians called "Lamberz-bread") for the Ethiopian forces.[34] As the GDR needed more coffee and Ethiopia more military equipment, a new trade arrangement was signed one month later in Berlin, which resulted in the delivery of 10,000 tons of Ethiopian coffee to the GDR in 1977.[35] Responsible for the provision of the GDR exchange products was the leader of the Commercial Coordination Division (Bereich Kommerzielle Koordinierung, commonly known as KoKo) Alexander Schalck-Golodkowski.[36] According to his calculations, the GDR exported 542 trucks, about 1.5 million US dollars (USD) worth of spare parts, 11,000 tons of durable bread, and 200 tons of dry milk to Ethiopia in 1977. Additionally, it delivered medicines, operation gowns, army field kitchens, radio technology and a position for which he used the vague expression "special technology" in his handwritten notes, amounting to USD 14.4 million.[37] Meanwhile, Günter Mittag and Werner Lamberz had sent a confidential letter to Erich Honecker and informed him about the positive outcome of the coffee barter arrangement.[38] The problem of the East German coffee supply seemed to be solved.

Complaints and Conflicts: The Outcomes of the Barter Arrangements with Ethiopia and Cuba

Nevertheless, the coffee barter business between Ethiopia and the GDR only lasted until 1979. From the very beginning, the East German foreign trade firm AHB Genußmittel complained about the inability of its Ethiopian partners to deliver raw coffee in time. In addition to general delivery problems, caused by the destruction of important transport routes and port facilities, the reluctance of

---

33 Ibid.

34 *Ethiopian Herald*, 6 October 1978, p. 1; cf. "Aktenvermerk über das Gespräch des Stellvertreters des Ministers für Außenhandel, Genosse Clausnitzer, mit dem Minister für Handel und Tourismus, Genossen Dr. Ashagre", 22 May 1978, DL226/66, p. 122, BArch, Berlin; "Brotlieferungen nach Äthiopien 1978", 28 March 1978, DL226/80, p. 62–64, BArch, Berlin; Döring, *Es geht um unsere Existenz*, p. 119.

35 MoFA/GDR-DMG-6/15, without page numbers.

36 Cf. Döring, *Es geht um unsere Existenz*, p. 118; The KoKo was primarily responsible for the procurement of foreign currencies by more or less legal means.

37 "Handwritten Notes on Trade with Ethiopia", DL226/82, pp. 110–116, BArch, Berlin.

38 "Coffee and Cocoa Provision", DY 3023/1218, p. 151–156, BArch, Berlin.

certain Ethiopian representatives of the Ministry of Trade and Tourism, the state-run Coffee Marketing Corporation, and the National Bank, in charge of the financial management of the coffee deal, led to lengthy negotiations and delays during the loading of coffee at the port of Assab.[39] That fact that the GDR did not use foreign currency to pay its coffee bills was a contentious point in the debates between the Ethiopian ministries and the National Bank of Ethiopia.

In understanding this context, it is important to know that coffee was Ethiopia's main foreign exchange earner. In 1976, Ethiopia earned 300 million Ethiopian birr (ETB)[40] with the sale of nearly 70,000 tons of raw coffee to foreign markets.[41] In 1977, the country earned ETB 540 million, although it sold only 50,000 tons to capitalist countries.[42] If Ethiopia had had more coffee to sell on the free market, it could have earned even more. This proved to be true in 1978, when the export of more than 73,800 tons of raw coffee brought in ETB 578 million.[43] Numerous newspaper articles of the *Ethiopian Herald* pointed out that coffee was considered the "nation's number one cash earner" and "backbone of the economy".[44] As the Ethiopian economy undoubtedly benefited from the global demand for coffee, the government attempted to increase the export volumes of this commodity. In this context, in order to increase export volumes, consumers at home were even asked to reduce domestic consumption.[45] While the United States and several European and Asian countries bought large amounts of Ethiopian coffee, the European Economic Community (EEC) also expressed interest in the country's coffee industry. Since the Lomé Convention came into force in April 1976, which allowed agricultural and mineral goods to enter the European Economic Community duty free, Ethiopia was granted access to the European Development Fund for financing its coffee improvement programme.[46] As a result, Ethiopia's total export shares to EEC countries, West Germany and Italy in particular, rose from 23.3 per cent in 1977 to 27 per cent in 1978. In contrast, the CMEA share fell from 15.2 to 8.5 per cent over the same period. At that time, the GDR was by far the

---

39 Ibid., pp. 493–504; cf. "Reisebericht des AHB Genußmittel zur Realisierung des Kaffeeabkommen mit Äthiopien 1977", 22 August 1977, DL226/82, p. 237, BArch, Berlin.

40 ETB 1 = approx. USD 0.48 at that time.

41 *Ethiopian Herald*, 19 January 1977, p. 1; *Ethiopian Herald*, 21 January 1977, p. 1.

42 *Ethiopian Herald*, 1 January 1978, p. 1; cf. BArch, DY 3023/1218, p. 494.

43 *Ethiopian Herald*, 18 October 1978, p. 1; cf. BArch, DL2/6153a, p. 472; *Ethiopian Herald*, 18 October 1978, p. 1; BArch, DL2/6153a, p. 472.

44 *Ethiopian Herald*, 1 January 1978, p. 1; *Ethiopian Herald*, 14 January 1978, p. 1; *Ethiopian Herald*, February 1978, p. 3; *Ethiopian Herald*, 9 August 1978, p. 2.

45 *Ethiopian Herald*, 1 January 1978, p. 1; *Ethiopian Herald*, 14 January 1978, p. 1; *Ethiopian Herald*, 11 February 1978, p. 3; *Ethiopian Herald*, 9 August 1978, p. 2.

46 *Ethiopian Herald*, 26 December, 1976, p. 1

largest buyer of Ethiopian goods within the CMEA, though Ethiopian exports to the GDR decreased considerably from ETB 99.8 million in 1977 to ETB 32.5 million in 1978.[47] Despite the fact that official records did not cover all of the bartered coffee, there was a causal link between this commodity and the GDR's relatively high ranking in Ethiopia's external trade statistics.

Not only the decreasing quantity of Ethiopian coffee, but also its comparably low quality fuelled East German complaints. When the officials of the East German export firm Aussenhandelsbetrieb (AHB) Genussmittel first came to Ethiopia, in summer 1977, they had to accept poor-quality coffee that was left over at the end of the coffee harvest season, mostly Djimma coffee rejected by US companies.[48] Though they demanded better qualities in the following years, it is quite unlikely that they succeeded in purchasing premium grades, such as Harrar coffees, which were usually sold to the highest bidder at the coffee auctions in Addis Ababa and Dire Dawa. As mentioned above, the Ethiopians did not earn any foreign currency from bargaining with the East Germans and therefore sent them presumably low-grade varieties. But the country in the Horn of Africa was not the only coffee-producing country the GDR had concluded a barter agreement with. Angola, for instance, delivered 5,500 tons of raw coffee in 1977 and 8,929 tons in 1978.[49] The Philippines announced the offer of 5,000 tons of raw coffee for 1978[50] after Honecker himself had carried out negotiations with President Ferdinand Marcos in December 1977.[51] Similar "special arrangements" with Vietnam and Laos followed. The socialist blends from Africa and Asia were to replace the previously employed Latin American coffee from Brazil and Colombia. From August 1978 onwards, they were used for the blending of the East German coffee brand Rondo. Accordingly, the Ministry of District-led and Foodstuffs Industry, in charge of the implementation, had to reduce its requirements, as the coffee varieties from Africa and the Asian Robusta coffees did not meet former quality standards.[52] They did not suit the East German consumers' taste either. As a result, 14,000 complaints criticizing the new taste of Rondo were sent to the authorities or handed to grocery store employees.[53] In order to improve the East German coffee quality, Minister of Foreign Trade Horst

---

47 "Informationen zum äthiopischen Außenhandel 1978/1979", 15 May 1979, DL2/6153a, p. 453–457, BArch, Berlin.

48 "Reisebericht des AHB Genußmittel zur Realisierung des Kaffeeabkommens mit Äthiopien 1977", 22 August 1977, DL226/82, p. 234–235, BArch, Berlin.

49 "Coffee and Cocoa Provision", 13 December 1977, DY3023/1218, p. 404, BArch, Berlin.

50 Ibid.

51 Döring, *Es geht um unsere Existenz*, p. 61. Cf. Winrow, *The Foreign Policy of the GDR in Africa*, p. 86.

52 "Coffee and Cocoa Provision", 16 August 1978, DY3023/1218, p. 477–479, BArch, Berlin.

53 Staadt, *Eingaben: Die institutionalisierte Meckerkultur in der DDR*, p. 46.

Sölle turned to his former trade partners in South America. However, he failed in importing South American coffee and the Politburo forced him to make a self-critical statement, declaring himself in favour of the coffee barter business with Angola and Ethiopia.[54] It became obvious that the pragmatic and economically oriented politicians Mittag and Schalck-Golodkowski had taken control of the East German coffee imports.

In winter 1977/78, only a few months after the first Ethiopian coffee deliveries had sparked fierce debates within the Politburo, GDR officials were confronted with another supply problem. In December 1977, the container ship *Theodor Storm* arrived at the port of Rostock loaded with green Cuban oranges of apparently doubtful quality. The Cubans denied the East German claims for compensation deliveries or discounts, as they did not recognize their green coloured fruits as faulty goods because Cuban oranges tend to be rather greenish in colour due to different local climate conditions.[55] They passed the colour problem on to their trade partners, which had to find an answer to the question of how to sell oranges that were not as orange as the Mediterranean ones consumers were used to. Finally, the Ministry of Trade and Supply started a marketing campaign to promote the sale of the Caribbean fruit.[56] Nonetheless, the so-called "Kuba-Orange" caused consumer debates. Despite all the criticism about their green colour, their unusual taste, and even being difficult to peel, East German trade officials continued to import large amounts of Cuban oranges. They also increased their imports of grapefruits, lemons, and tangerines from Cuba. Deputy Minister of Trade and Supply Horst Illgen, who was in charge of the provision of citrus fruits, intended to import 39,000 tons of Cuban oranges in 1981, 48,000 tons in 1983, and finally 52,000 tons in 1985.[57] To avoid consumer complaints, about one-quarter of these were to be used to produce juices, concentrates, and orange jam. Nevertheless, the Ministry of Trade and Supply continued to deliver a certain amount of Cuban oranges as fresh fruits to the Konsum or HO grocery stores. They were supposed to satisfy consumer demands, especially in spring, when no other varieties were available.

54 "Coffee and Cocoa Provision", 30 January 1978, DY3023/1218, p. 427–428, BArch, Berlin; cf. Pence, *Grounds for Discontent*, p. 217.

55 "Information zum Import von Kubaorangen im IV./77 und im Jahre 1978", DY 30/16776, BArch, Berlin.

56 "Information zum Import von Kubaorangen im IV. Quartal 1977 und im Jahre 1978: Information für die Mitarbeiter des Groß- und Einzelhandels zum Import von Orangen aus Kuba", 3 January 1978, DY 30/16776, BArch, Berlin.

57 "Brief von Illgen an Dr. Leihkauf zu Orangen aus Kuba", 3 April 1980, DL 1/24992, BArch, Berlin.

While East German consumers complained about the poor quality of Ethiopian coffee and Cuban oranges, trade partners in the Global South repeatedly identified certain defects in GDR products. From the Cuban perspective, the main points of criticism were that spare parts could not be delivered in time and in sufficient quantities, and operating instructions, maintenance, and repair manuals, catalogues, and order forms for the purchase of spare parts were not available in Spanish. Therefore, the Cubans required service improvements, and they insisted on a corresponding agreement. However, they did not wish to terminate their barter arrangements with the GDR, which they recognized as a reliable partner. Ethiopian officials complained about the trucks made in the GDR in particular, which proved to be unsuitable for the Ethiopian road conditions. Matters were made worse by the fact that the Ethiopians had made more positive experiences with West German, Italian, and Japanese vehicles in the past.[58] In defence of the East German workmanship, GDR Ambassador Dieter Klinkert spoke up. In a newspaper article of the *Ethiopian Herald* from October 1978, he took a stance on the GDR vehicles delivered to Ethiopia:

> Asked about rumours that the GDR trucks and tractors breakdown too often, the GDR ambassador said that there are peoples who do not cherish the idea of Ethiopia's cooperation with the socialist countries. "Some of these people cooperated in the past with Western countries where they were educated and whose cultural influence on them is still a dominate factor: These people are not in line with the Programme of the National Democratic Revolution. [...] They easily become instruments of imperialist tactics to divide friends because they are aware that in unity grows strength," Comrade Klinkert said. The GDR ambassador said that contrary to concerted rumours, the GDR trucks and tractors have withstood all difficult conditions in which they operated. "They have operated on virgin soil like tanks. They have been tested in many African countries and proved to be marvellous," he added.[59]

This quote shows how bilateral trade relations between countries of the socialist camp and the Third World were propagated. Economic cooperation was usually interpreted in the broader sense of socialist solidarity. Nevertheless, the Ethiopians were not willing to keep up the barter arrangement in the end, which did not mean that the East German trade relations were completely cut off. The GDR continued to import coffee from Ethiopia, even though it had to pay in foreign currency from 1980 onwards.[60] Therefore, the GDR government focused on

58 Dagne, *Das entwicklungspolitische Engagement der DDR in Äthiopien*, p. 63. Cf. Winrow, *The Foreign Policy of the GDR in Africa*, p. 181.
59 *Ethiopian Herald*, 6 October 1978, p. 2 (Original text).
60 "Processing of payment transactions between the GDR and Ethiopia", 26 September 1980, DL2/6117, p. 27, BArch; cf. MoFA/GDR-DMG-6/15, without page numbers.

securing its coffee supply from Southeast Asian countries during the 1980s. Especially Vietnam, the new CMEA member state, was highly important in that context. After all, the East German development plan for the Vietnamese coffee economy proved to be successful in the end, albeit too late for the collapsing GDR, which could not profit any more from the programme's first harvest in 1989.[61] Vietnam, in turn, profited substantially from the associated East German investments, which boosted the country's domestic coffee industry.

Exerting Influence on the Spot: The Building of the Citrus Fruit Processing Plant in Ciego de Ávila and the Expansion of the Port of Assab

In order to secure their coffee and citrus fruit imports, East German trade officials pursued an additional strategy. They invested in joint ventures in the countries of production. In Ethiopia, they aimed at improving the local infrastructure by rebuilding and expanding trade routes to the Red Sea ports of Djibouti and Assab and improving and upgrading port facilities there. In Cuba, they were involved in the construction of a citrus fruit processing plant in Ciego de Ávila in the centre of the island. Both projects included extensive deliveries of East German technology as well as credit lending. Due to delays in decisions and disagreements over funding, the construction of the citrus fruit processing plant in Ciego de Ávila covered a longer period than originally planned and the Assab port project was not fully implemented in the end.

When Werner Lamberz visited Addis Ababa in June 1977, Ethiopian officials not only discussed trade issues but also raised the question of the country's poor infrastructure. General Secretary Fikre-Selassie Wogderess pointed out that Ethiopia's economy suffered immensely from the destruction of and attacks on important transport routes in the east of the country, for which he blamed "reactionary Arab rulers in the surrounding area" in collaboration with "imperialists".[62] There is no need to mention that he was referring here to Somalia's Siad Barre and the United States. He continued that "they had tried to cut off the country's outlet to the sea" and damaged "the railway line linking Ethiopia with the port of Djibouti".[63] Ethiopia's own port of Assab was similarly

61 Cf. M. Sigmund, *Genuss als Politikum: Kaffeekonsum in beiden deutschen Staaten*, Berlin: De Gruyter, 2015, p. 267; Pence, *Grounds for Discontent*, p. 217.
62 *Ethiopian Herald*, 15 June 1977, p. 3.
63 Ibid.

shaken by separatist groups in the north of the country. Supposedly, the Ethiopians hoped for East German investments to develop their infrastructure. Sooner or later, the GDR government was forced to do so in order to secure its coffee deliveries. And from 1978 onwards, it was involved in the port expansion of Assab and the modernization of the railway line that connected the trade centres of Addis Ababa and Dire Dawa with Assab.[64]

In that year, Ethiopia concluded an agreement with the GDR regarding the cooperation on expanding the port of Assab. The plans stipulated that the construction works would be carried out within three years. After that period, the port of Assab was supposed to double its capacities and become one of the leading ports in the Red Sea region. The project not only included the installation of new docks for loading and unloading, but also the building of a rail link from Addis Ababa to Assab.[65] The total cost of the port expansion came to USD 116 million. Therefore, the Assab project was considered by far the most expensive joint project between Ethiopia and the GDR.[66] East German technology deliveries alone made up VM 50 million of the project cost, including harbor cranes, diesel-electric power stations, construction machines, railway carriages, port handling technology, and a coastal radio station.[67] The GDR was particularly interested in implementing the agreement on the expansion of the port of Assab in order to secure its Ethiopian coffee deliveries. Since the beginning of the barter trade between the two countries, East German cargo ships had to bring their own port technology to Assab together with their regular deliveries, as Ethiopia did not have sufficient technical equipment for unloading and loading the green coffee it sent to the GDR in exchange. Once again, it was KoKo leader Alexander Schalck-Golodkowski who was in charge of the provision of this port technology, including forklifts, derricks, and pallets.[68] As early as October 1977, East German experts had carried out a feasibility study to evaluate the expected workload for the implementation of the project. As a result, the project was supposed to be conducted within a three-year period. Before the construction works could start in the second phase of the project, East German

64 Cf. D. Fair, "The Ports of Djibouti and Assab: Changing Fortunes", *Africa Insight* 18 (1988) 2, pp. 93–95, at 95.
65 *Ethiopian Herald*, 11 February 1978, p. 6.
66 "Information über Kreditforderungen der äthiop. Regierung für den Bezug kompletter Industrieanlagen", DL 226/66, p. 174, BArch, Berlin.
67 "Information über ein Gespräch mit dem Minister für Transport und Kommunikation Sozialistisch Äthiopiens, Yusuf Ahmed", DL 226/66, p. 185, BArch; cf. MoFA, fol. 38, p. 144.
68 "Entscheidungsvorschläge für die Sicherung der getroffenen Vereinbarung Äthiopien-DDR", 6 July 1977, DL 226/66, p. 42, BArch, Berlin.

experts initially wanted to develop an interim solution that would permit the continuation of the port activity in the meantime. During the third phase of the project, a dock for cargo vessels was to be built.

However, the Assab port project existed merely on paper. Despite intensive efforts and tough negotiations, there was no prospect of achieving an agreement on the loan conditions, as the East German officials did not agree on easier credit terms for Ethiopia. Apparently, they doubted their contract partner's solvency. Instead of supporting the Ethiopians with interest-free government loans, the GDR decided in favour of a more profitable solution from which it might earn additional hard currency revenues. The Ethiopians, in turn, expected preferential rates as they considered the port expansion to be a development project. Moreover they already received funds and loans from the European Development Fund and the World Bank, which had an impact on their decision-making. In the end, the port expansion was implemented without East German participation.

In contrast to the Assab port project, the building of the citrus fruit processing plant in Ciego de Ávila was based on multilateral CMEA agreements and was actually completed in cooperation with the GDR. In 1978, it became a focus project in the context of Cuba's Citrus Programme and was supposed to gain East Germany priority access to Cuban processed fruits. Over a period of more than five years, the GDR invested 13 million roubles, delivered a maximum of East German technology, including cooling technology, and granted credits in the form of convertible foreign currency for the purchase of Western technology. These loans enabled Cuba to import processing technology from Spain, Yugoslavia, and Sweden.[69] The fact that East German officials made use of a detailed reporting system indicates that they paid particular attention to the building of the processing plant, from which they expected an improved supply of tropical fruits for East German consumers.

Since 1984, the factory produced concentrates and juices, which met the East German needs to a large extent. The GDR delivered trucks for transporting Cuban citrus fruits from the area and also from the neighbouring provinces of Sanctí Spiritus and Camagüey to the processing plant in Ciego de Ávila. After arriving there, the oranges and grapefruits were processed in a three-shift system, with an output of 40 tons per hour. As a result, 23,600 tons of juices and 4,700 tons of concentrates were produced each year, provided that capacity utilization reached its maximum. After these products had been exported to the GDR, they were used for the production of soft drinks and baby food. Due to the

69 "Direktive für das Auftreten des Vertreters der DDR auf der 25. Tagung des RGW-Planungskomitees", 19 February 1981, DL1/24991, p. 5, BArch, Berlin.

fact that 50 per cent of the factory output was meant for the East German market alone, Cuba was obliged to deliver around 8,000 tons of juices and 2,000 tons of concentrates each year in the second half of the 1980s.[70] As a result, the GDR did not have to rely anymore on imports from capitalist countries and could save VM 50 million in the period between 1981 and 1985 and VM 25 million annually from 1985 onwards.[71] In addition to juices and concentrates, essential oils for the East German market were produced as well.

Although the outcome of the joint venture proved to be successful in the end, the negotiation processes between East German and Cuban foreign trade officials did not run smoothly. East German foreign trade companies in particular complained about the tough and lengthy negotiations with their Cuban trade partners. During the talks, they debated about prices, the factory output, and corresponding delivery quantities, quality standards, and packaging. The East German officials were highly engaged not only with regard to financing and building the factory but also when it came to guaranteeing consistent quality and hygiene. They decided that no preservatives were to be used for the production of juices and concentrates. They also decided how to pack and store the juices and concentrates once they had been produced. A strict observation of these rules and regulations and a constant control of the resulting production processes indicate the high degree of East German intervention in the citrus fruit processing plant in Ciego de Ávila. Eventually, the East German officials were willing to make compromises, since the GDR benefitted from the joint venture, which produced juices and concentrates primarily for the East German market.

Conclusion

The aim of this chapter was to shine a light on the GDR's more general attitude towards countries in the Global South by depicting the examples of a coffee barter arrangement with Ethiopia and the citrus trade agreement with Cuba, as

70 "Rededisposition zur Vorlage für das Politbüro des ZK der SED Direktive für das Auftreten des Vertreters der DDR auf der 25. Tagung des RGW-Planungskomitees", 3 March 1981, DL1/24991, pp. 2–3, BArch, Berlin; "Direktive für das Auftreten des Vertreters der DDR auf der 25. Tagung des RGW-Planungskomitees", 19 February 1981, DL1/24991, p. 4, BArch, Berlin.

71 "Direktive für die abschließenden Verhandlungen zur Unterzeichnung des Abkommens zwischen der Regierung der Deutschen Demokratischen Republik und der Regierung der Republik Kuba über die Zusammenarbeit bei der Errichtung eines Betriebes zur industriellen Verarbeitung von Zitrusfrüchten in der Republik Kuba und Lieferung von Zitrusprodukten an die Deutsche Demokratische Republik, Begründung", DL1/24991, p. 2, BArch, Berlin.

they illustrate extremely well that East German foreign trade motives shifted from ambitions of an international solidarity to more economically oriented approaches in the late 1970s. Focusing on similar features of both exchange relationships, at the bilateral level and on a local scale, I argued that their outcomes have been completely different for the following reasons. Bartering coffee for East German manufactured goods had positive implications for the Ethiopian supply situation, but only in the short term, whereas the Cubans benefitted from long-term contracts with advantageous conditions by exporting their citrus fruits to the other CMEA countries. By contrast, Ethiopian officials soon came to the conclusion that they could gain more by selling their coffee on the world market instead of bartering with a socialist country, since the Ethiopian economy benefitted immensely from the global demand for coffee in 1977 and 1978. As a result, the implementation of the coffee barter business between the GDR and Ethiopia failed in the end, as did the East German project of the Assab port expansion, which was supposed to guarantee a stable supply of Ethiopian coffee by means of improving the infrastructure of the producing country. However, the initial implementation of the CMEA Citrus Programme was not painless. In fact, Cuban and East German trade officials had to struggle to overcome emerging problems, especially with regard to the design, construction, and commissioning of a citrus fruit processing plant in Ciego de Ávila, which was supposed to deliver juices, concentrates, extracts, and essences to the GDR. Nevertheless, both parties decided to maintain their bilateral agreement, as none of them could find more attractive trade partners outside the CMEA. To sum up, trade relations in the form of a barter business between countries of the socialist camp and in the Global South seemed to be only beneficial for those partners who did not lose foreign currency due to the related transactions.