

## TELEGRAM

Foreign Service of the  
United States of America

OUTGOING

US MISSION BERLIN

FT 4 - IZT

MIN-3  
USCOB  
POL-2  
EAS  
ECON-3  
~~KKMM~~  
MSIS  
PSS  
CONS  
ASAC-2  
DCSI-2  
F&R

Charge:

~~CONFIDENTIAL~~

Classification

Control:

ACTION: SecState WASHDC

Date: June 30, 1969  
1300

INFO: Amembassy BONN

BERLIN 1130

SUBJECT: Interzonal Trade (IZT) Developments

1. Reliable IZT source reported progress being made in implementing consignment center agreement (Berlin 983). Accord already reached on delivery 100,000 tons Saarland hard coal and discussions under way regarding delivery additional 175,000 tons. A further center for spare parts and machinery in GDR also agreed to. With consignment center protocol now officially published in FRG "Bundesanzeiger", IZT Office now getting requests from smaller West German firms for names of possible contacts in GDR. Large firms of course already have this info. Meanwhile, East Germans holding back to see how matter develops before moving to establish their own centers in DM West area.

2. Discussing general trade relations, source commented that volume of shipments to East Germany in May up substantially over April, while East German deliveries were down. This accounts for large GDR use of swing (DM 330 million out of ~~average~~ authorized

Drafted by: ECON:ROWaring/RTWillner:ko

Approving Officer: ECON:ROWaring

Concurrence: EAS:AKlay/POL:BGrove

*R* *PL**Fair*~~CONFIDENTIAL~~

Classification

# TELEGRAM

Foreign Service of the  
United States of America

OUTGOING

US MISSION BERLIN

~~CONFIDENTIAL~~

2.

Charge:

*Classification*

Control:

Date:

360 million.) East German IZT Negotiators cautioned about leaving a margin and replied they aware of need to do this. (Shipment of goods under consignment of course stretches swing in a sense, as there is no accounting until items actually sold.)

3. Source noted that West German proposal expand activities of GDR's GENEX and Intershop found no echo. GENEX enables West Germans (and others with hard currency) order items made in GDR for delivery to friends and relatives residing in GDR. By placing orders through GENEX offices in Denmark and Switzerland, West Germans can have, for example, an East German "Trabant" car delivered to East German address in six weeks, as against normal three-year waiting period. Offer to open GENEX offices in FRG turned down. Intershop enables visitors to GDR to purchase duty-free gifts of Western origin in hard currency, which may be presented to GDR friends and relatives. Offer to set up Intershop offices in FRG to allow for purchase and delivery such items without visiting GDR also turned down. Source attributes this attitude (a) to shortage of certain items made in GDR (in case of GENEX), (b) to GDR fear of creating too much envy on part of

Drafted by:

Approving Officer:

Concurrence:

~~CONFIDENTIAL~~

*Classification*

# TELEGRAM

Foreign Service of the  
United States of America

OUTGOING

US MISSION BERLIN

~~CONFIDENTIAL~~

3.

Charge:

*Classification*

Control:

Date:

~~if~~ those not having Western friends and relatives, and (c) to lack of business initiative.

4. Stiff East German attitude, in source's view, seems to be order ~~of~~ day, reflecting itself in petty and sometimes ridiculous ways. Interference with shipments some periodicals continues.

Prohibitive requirements on shipment sporting weapons still not (Berlin 908).

lifted. Request made six weeks ago to inspect short strip of an FRG water pipeline just inside GDR still not answered. Finally (to document the ridiculous) GDR has declared it will no longer allow transit of homing pigeons~~x~~ West Berlin thus depriving/HOMING Pigeon Association from participating in annual homing pigeon contest taking place in FRG. Admittedly, West Berlin pigeons in ~~the~~ returning home transit sovereign air space of GDR (unless they use corridors) and are armed neither with visa nor Warenbegleitschein. It is perhaps for this reason therefore that an East German authority, when approached on this matter, replied he was prepared under certain circumstances to allow transit of almost anything, including tanks (sic), but homing pigeons -- never!

GP-3

Drafted by:

Concurrence:

MORRIS  
Approving Officer:



~~CONFIDENTIAL~~  
*Classification*