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CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

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COUNTRY	East Germany	REPORT	
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THE SOURCE EVALUATIONS IN THIS REPORT ARE DEFINITIVE.
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1. The Leuna works were established in 1916. At first, they produced nitrogen products according to the Haber-Bosch method; later on, methanol and isobutyl oil products were manufactured.
2. In 1929, the hydrogenation process was introduced, through which gasoline, fuel gas (propane-butane) and Diesel fuel were produced. In order to make use of the by-products extracted in this process, Dr. Giessen (fnu), established the Organic Division. Amines, aldehydes and carbonic acids were produced and put on the market. Later on, research on phenol products was undertaken, which resulted in the development of lactam (Luran). After being polymerized, lactam was used in the manufacture of parachute fabrics during World War II.
3. After World War II, the general management of the Leuna works was taken over by Dr. Eckhard (fnu), who was formerly production manager. He was assisted by Dr. Georg Wirth, who was technical manager. Dr. Augsten (fnu) was production manager, but he was arrested and carried off by the Russians about 3 years ago; Dr. Sundhoff (fnu) replaced him. The Leuna works have now only a few technical experts at their disposal, because of the steady migration of competent academic leaders from East Germany to the Western countries. The following are still at the Leuna works:

Dr. Willfroth (fnu) ²	Nitrogen branch
Dr. Muenzing (fnu)	Contacts (Kontakte)
Dr. Spohn (fnu)	Waschrohstoffe (raw materials for cleaning glassware)
Dr. Seiter (fnu)	Synthetic products
Dr. Legutke (fnu)	Oil
Dr. Bankowski (fnu)	Research
Dr. Schick (fnu)	Fuel
Ob. Ing. Waelder (fnu)	Power plant

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4. The Leuna works employed 25,000 persons before World War II, during the war 42,000, and to date 28,000. Among them are 250 persons with academic degrees.
5. The Leuna works presently produce four major synthetic products: Nitrogen, fuels, methanol, isobutyl oil. This production depends on the capacity of the gas works.
6. The yearly production of nitrogen is approximately 270,000 tons; of this amount, 140,000 tons are used to produce 670,000 tons of ammonium sulphate at Leuna; the remaining 130,000 tons of nitrogen are sent to the following fertilizer processing plants: Farbenfabrik Wolfen, EK Bitterfeld, Kaliwerk Glueckauf in Sondershausen. The plants at Wolfen and Bitterfeld were SAG plants from 1945 to 1952, when they became state-owned enterprises. The calcium sulphate (Gips), necessary for the production of ammonium sulphate, comes from the gypsum works in Niedersachswerfen near Nordhausen. After the sludge is removed, the gypsum is sold as lime powder for agricultural purposes.
7. Liquid fuels (Treibstoffe) are manufactured by the hydrogenation process using four-fifths of crude oil and one-fifth of coal. The crude oil comes from Zistersdorf in Austria. The 1953 production program requires approximately 280,000 tons of crude oil from Zistersdorf. Since the delivery of the oil from Zistersdorf has recently met with difficulties, attempts are being made to procure the oil from Hungary and Rumania. The coal procurement also presents a difficult problem for the Leuna works, as their supply is already greatly reduced, and shipments from Poland have been very irregular. (sic)
8. Until the middle of 1953, Mittelbenzin for tanks (Panzer) was produced, which, however, was not delivered, and since July 1953, has been turned into Diesel fuel. The present fuel production output is 200,000 tons of gasoline, 100,000 tons of Diesel fuel, approximately 50,000 tons of fuel gas (propane-butane) and approximately 25,000 tons of motor oil.
9. At present, 45,000 tons of methanol are being produced. The ether, obtained from the production, is used for cooling and heating purposes.
10. The synthesis of isobutyl oil supplies isobutyl alcohol, propanol, amyl alcohol, intrasolvane, Dioprol and Delta 1. Other organic products are the following items: Contacts (Kontakte), amines, aldehydes, carbonic acids, synthetic products, initial and by-products, such as phenol, cresol, lactam, raw materials for cleaning purposes, urea; glue and varnish for the woodworking industry, and chemicals for the textile industry; also pharmaceutical products, insulation and building materials, and products for everyday use.
11. Under development are Isoperlon varnish for the motor industry, polyamid for synthetic products, and carbonyl iron dust for the electrical industry. Research on new fertilizers and on new means for pest control is being undertaken. The manager of the research laboratory is Dr. Bankowski (fnu).
12. The requirements for fertilizers cannot even approximatively be filled. About 60,000 tons of ammonium sulphate are provided for in the 1953 production program for reparations deliveries to Russia and Poland. 180,000 tons for export to China, Poland, Czechoslovakia, Hungary 400,000

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tons, are to go to the farmers of East Germany, and the remainder is for barter transactions. Lime powder is used for agriculture exclusively.

13. Gasoline is mostly exported, but the export has met with great difficulties. Poland is sufficiently supplied with gasoline, and the export to Western countries has proved quite detrimental, because of the existing market price there. The Western countries offer 38-40 dollars for a ton of gasoline, while the Leuna price is 504 DM a ton. Furthermore, the Western countries have asked for gasoline with an octane rating of 76 and 81.
14. For some time prior to July, East German tank storage space was filled with state reserve liquid fuels. This hampered the distribution of Leuna-produced liquid fuels for public consumption in East Germany. The price set by the state retail trade organization (HO) was lowered from 3 DM to 1.80 DM a liter, in order to obtain the urgently-needed revenue (Akzise).
15. Among other products which are quantitatively of importance, mention should be made of methanol with approximately 45,000 tons. Of this amount, 16,000 tons are shipped to Russia, 8,000 tons are exported, and the remainder is chiefly used for the production of formaldehyde. The main consumer is the SAG Buna chemical plant near Merseburg.
16. The synthesis of isobutyl oil produces isobutyl alcohol (Isobutanol). 3000 tons of isobutyl alcohol are produced yearly. It is delivered almost entirely to Russia. Phenol is one of the greatest production bottlenecks, because half of the production, 650 tons yearly, is claimed by Russia, and because the production of lactam requires phenol. As the actual need for lactam is several hundred tons less than the planned yearly production quota, East Germany is trying eagerly to export lactam; this however, has been impossible, as the export price is too high.
17. The raw material for the soap industry, the chemicals for the textile industry, glue and varnish for the furniture industry, pharmaceutical products, insulating and structural material, as well as the sulphur yield in the gas desulphurization, altogether amounting to 15,000 tons yearly, are almost exclusively delivered to the Eastern Zone.
18. Russia and the plant at Bruex, Czechoslovakia, in addition to the East German hydro-generation works, are the regular recipients of the highly valuable and important catalysts (Katalysatoren).
19. The main raw materials for Leuna production are coal, coke, slack (Grus), sulphuric acids, and crude oil. None of these items exists in sufficient quantity, and all have been very difficult to obtain. Also hard to procure are drawn and seamless pipes of all sizes, V2A material, motors, heavy and light metal sheet. Attempts are being made to procure these items indirectly via a third country.
20. It is reported that the technical installations are such, that they neither comply with the general safety rules, nor do they guarantee a steady production. The Russians invest only as much money as is absolutely necessary to keep production going. No plans are made for future building. Only small funds are provided for social and cultural establishments, and for living quarters.

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1. [Redacted] **Comment:** [Redacted] Dr. Eckhard has been replaced as
General director by Professor Dr. Schirmer. 25X1

2. [Redacted] **Comment:** Reported [Redacted] in the following variations:
Wilforth, Wilfroth. 25X1

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