

CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

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1. Since the end of February 1954, East German authorities have adopted the practice of allocating supplies of special high quality raw material, including high alloy steel, to East German manufacturers for the production of machine tools, measuring instruments, precision equipment, and optical products, for export. This measure constitutes an essential part of an export drive which the East German authorities have been conducting for the past several months for this category of goods.
2. The above measure has resulted in East Germany's exporting goods of the highest quality. On the other hand, the same goods manufactured for the home market with the raw materials of an inferior grade, which the authorities allocate for domestic supply, are barely superior in quality to the goods which East Germany produced during the early post-war years.

25 YEAR RE-REVIEW

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