

CLASSIFICATION SECRET

CENTRAL INTELLIGENCE AGENCY
INFORMATION REPORT

REPORT []
CD NO. []

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COUNTRY East Germany/China
SUBJECT 1. Warnow Shipyard, Warnemuende, Financial Problems
2. Orders for Ships to be Exported to China

DATE DISTR 2 November 1954

NO. OF PAGES 2

PLACE ACQUIRED []
DATE OF INFO. []

NO. OF ENCLS. LISTED BELOW

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SUPPLEMENT TO REPORT NO.

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2 orders for type-IV ships to be delivered by the second quarter of 1956 had been received from Red China and another 2 orders to be delivered by the second quarter of 1957 from the Deutsche Seereederei Marine Shipping (German Corporation) in Rostock.

Comment. Difficulties have arisen concerning the supply of material as well as the designing of the constructional plans. Presumably the designing engineers were induced by ships under construction in Hamburg, especially by the "Falkenstein" freighter, to alter the plans. The delay has caused considerable disturbance among the dockyard laborers, who in the meantime must do inferior work. The consequence is that they receive only the low wages paid for waiting hours. For this reason, they are inclined to look for better-paid jobs. For more than a year parts of the type IV have been lying on the slipway. It may well be that they have deteriorated in the meantime to such a degree that they cannot be used any longer. The inadequate supply of material can be considered sufficient reason that the construction of one ship, which was scheduled to start on 1 July 1954 and be 20 percent completed by the end of the year, and a second ship which was to be 10 percent completed at the end of the year, will not be possible.

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