

CENTRAL INTELLIGENCE AGENCY  
INFORMATION REPORT

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1. The supply situation for replacement and maintenance of the German Reichsbahn reached critical proportions in 1954. There was little if any prospect of improvement in the near future, unless some radical change in strategy was undertaken by the East German authorities, or funds were made available to purchase some of these items abroad. The most critical shortages existed in the supply of small items of hardware, which were completely unobtainable in East Germany or by import from abroad; in supplies of non-ferrous metals; in railroad ties; and in the supply of hard coal for operating purposes (locomotive coal).
2. An attempt was made to break the bottleneck in the supply of railroad ties by including this item in the trade agreement with the Rumanian Government. According to the agreement reached for 1954, 120,000 railroad ties were to have been delivered by Rumania to East Germany between March and September 1954. Although orders were issued to cover this requirement, as of 20 August only 10,000 ties had been received, and there was no indication of when or whether the remainder of the order would be filled. This delivery of five percent of the total ordered was insufficient to replace even those ties which were completely worn out.
3. In an effort to clarify the details on Rumanian deliveries under the formal trade agreement terms, a representative of the Deputy Minister for Railway Affairs, visited Bucharest in July 1954 to negotiate with government authorities in Bucharest. Her visit was to no avail, however, since the Rumanian Government refused to make any further deliveries because of the failure of the East German Government to live up to the delivery terms specified under current and past agreements. It appears that the main cause for the Rumanian refusal was the failure of East Germany to deliver orders which was to have been produced by Zeiss Jena against orders placed by the Rumanians.
4. For 1954, Poland was scheduled to deliver to East Germany, under the terms of the reciprocal trade agreement, one million tons of pit coal for use in firing railroad locomotives. There had been absolutely no deliveries of pit coal from Poland in 1954, and as of late August there had been no indication of when or whether the remainder of the order would be filled.

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