

CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

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COUNTRY	East Germany	REPORT	
SUBJECT	VEB Carl Zeiss Jena: Industrial Diamonds	DATE DISTR.	26 October 1955
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THE SOURCE EVALUATIONS IN THIS REPORT ARE DEFINITIVE.
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- The industrial diamond and diamond ~~and~~ supply plan for VEB Carl Zeiss, Jena, for 1955 included the same amounts as 1954, namely:
 - 20,000 carats in diamond bort
 - 6,000 carats of rough diamonds.
- Supply contracts were concluded with DIA for these quantities. The Main Administration for Precision Mechanics and Optics¹ of the Ministry for General Machine Construction must, in addition, authorize these diamond supplies to Zeiss, Jena by the issuing of supply allocations. As of 6 May 1955, only a part of the allocations had been authorized and the Ministry informed VEB Carl Zeiss Jena that a considerable setback in the granting of allocations must be expected for this year. The diamond and diamond bort supply for Carl Zeiss Jena is becoming progressively more critical.
- As of October 1954, the stock of crude diamonds and bort amounted to 500,000 DME. By March 1955, this stock had decreased to 198,000 DME. Incoming diamond supplies must be turned over immediately to the production departments since the latter have no reserve and need the diamonds immediately to maintain their production quotas.
- In detail, the procedure which Carl Zeiss Jena must go through to obtain industrial diamonds is as follows: The quantities ordered by Carl Zeiss Jena and authorized by the Ministry for Machine Construction are passed on by DIA to the Deutsche Warenvertriebsgesellschaft, Berlin (DWV). The DWV in turn forwards certain quantities to VEB Kabelwerk Koepenick. The Carl Zeiss Jena diamond inspector tests the industrial diamond supply at Kabelwerk Koepenick and accepts those suitable for optical purposes. The actual foreign suppliers are not known to Zeiss Jena.

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(Note: Washington distribution indicated by "X"; Field distribution by "#".)

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6. The over-all cost and pricing procedures in East Germany are different from those in [redacted] countries. This applies especially to certain strategic materials, such as industrial diamonds, which must be imported from abroad. The price for such goods within East Germany is set by the Ministry of Finance. If DIA has to pay a higher price for such items the difference is absorbed in the Ministerial Compensation Fund (Ausgleichsfond). The procedure at VEBs is similar. An arbitrary accounting price is set for each Plan Year. This accounting price serves as the basis for cost estimates and calculations for the entire Plan Year regardless of the actual changes in price on the world market.

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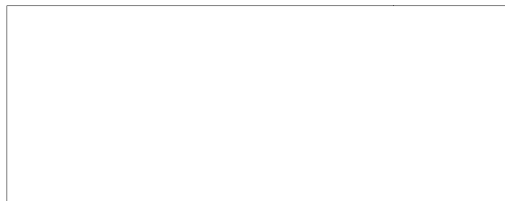
7. The actual prices which VEB Carl Zeiss Jena is charged by the DMV for industrial diamonds are as follows:

Diamond bort	per carat	21.22 DME
Crude diamonds (vitriers)	per carat	134.50 DME
1/4 carat	per carat	134.50 DME
1/3 carat	per carat	148.00 DME
1/2 carat	per carat	165.00 DME
3/4 carat	per carat	189.00 DME
1 carat	per carat	207.00 DME
1.25; 1.5; 2; 2.5; 3.5 and larger	per carat	up to 365.00 DME

8. Zeiss Jena's chief need for its diamonds is for its own machine tools. However, through its department Son V (distribution of special items), Zeiss Jena sells some of the manufactured tools to other plants in East Germany, if these plants replace the amount of the diamonds or bort used in the item by furnishing a corresponding allocation or by replacing the actual diamonds with diamond bort.
9. In addition, Zeiss Jena administers a so-called government reserve containing 8,000 carats of diamond bort. Sometime during the period November 1954 - April 1955, 2,000 carats of diamond bort were used for some urgent order by an unidentified plant but were replaced in full some four weeks after they were drawn from Zeiss Jena.
10. The production of certain drawing nipples (Ziehhuessen) has been discontinued at Zeiss Jena. The remaining stock of drawing nipples is decreasing because of the great shortage of industrial diamonds throughout East Germany.

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1. [redacted] Comment. This is the East German Ministry which has jurisdiction over VEB Carl Zeiss Jena.



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