

INTELLIFAX 94



CENTRAL INTELLIGENCE AGENCY

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INFORMATION REPORT

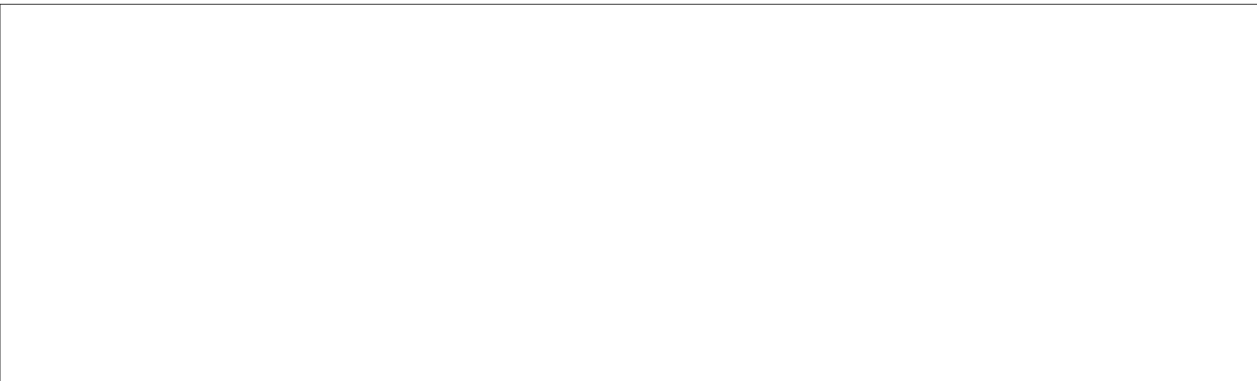
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50X1-HUM

THIS IS UNEVALUATED INFORMATION



INTRODUCTION

1. The complete correct name and address of the plant at which I worked is as follows:

VEB IFA Blechverformungswerk
Markranstaedterstr. 1
Leipzig.

ORGANIZATION OF THE TRANSPORTATION CONSTRUCTION DIVISION

2. I have drawn a chart showing the over-all organization of the Ministry of Machine Construction and the relationship of the Blechverformungswerk IFA plant to the other plants under this Ministry [see page 14]. All factories under the operational control of the Director of Ministry of Machine Construction are classified and placed in one of the following groups of plants:

- a. - LOWA Plants - These are locomotive, railroad car and boiler factories.
- b. - IFA (Major Plants) - These plants are under the direct control of the Ministry of Machine Construction. These are considered final production plants, except the

CONFIDENTIAL

CONFIDENTIAL

-2-

50X1

Getriebewerk, Liebertwolkwitz.

- c. - Supply Plants (VVB-IFA Vereinigung) - These are small plants with less than 1,000 employees, who have been organized into a union supervised by the "Hauptdirektor". These factories are engaged in making parts and sub-assemblies for major plants.
 - d. - Research and Development Plants - These are the test laboratories for the Ministry of Machine Construction. (Separate plants are assigned the development task for standard commercial vehicles and tractors.)
3. The second chart I have drawn shows the complete organizational structure applicable to all major plants [see page 15]. Major plants are those factories which employ over 1,000 persons and are considered final assembly plants. Organizational structure for all such plants is established by the Ministry. On three separate occasions during the period from September 1951 to October 1952, these structures were modified. Uniform organization for all plants, such as exists in the USSR, is not considered feasible because of (a) lack of qualified personnel for the positions prescribed on the chart, and (b) the lack of management experts and their willingness to enforce the uniform organizational structure as far as possible. Party members are utilized in key positions whenever possible; non-members are employed and are at times reluctantly placed in key positions because of the lack of qualified personnel. Structure of the smaller plants is identical with that of the major factories, with one exception: all leading functions of the plant are carried out by one person. All VEB factories are now economically self-supporting, in accordance with a directive issued by the DDR Cabinet in 1952.

PRODUCTION PROGRAM FOR 1951

4. The Ministry of Machine Construction in East Germany prepared the year's production quota and submitted it to the IFA plant in December 1950. The IFA plant at that time employed about 950 workers. According to the production plan, the various firms ordering parts from IFA were to receive their deliveries as soon as they came off our assembly lines. This was all to be accomplished within the calendar year. The supply of raw materials, however, never properly coincided with the planned production. The plant's production capacity was never considered when the Ministry prepared the quotas for the year. The quality of the supplied materials was also very poor and quite below standard. At the end of the calendar year, only about 70 to 75 per cent of the planned quota had been accomplished. Nevertheless, as a result of the excellent accomplishments of the IFA plant, in spite of the tremendous financial, organizational and material difficulties encountered, two additional firms were merged with our plant into one organization. On 1 April 1951, the peoples' owned trailer construction firm "Dromos", consisting of about 200 employees, and on 1 July 1951, the radiator construction

CONFIDENTIAL

CONFIDENTIAL
-3-



firm "Autokuehler-Leipzig", an organization of about 350 employees, were consolidated with the IFA plant. The material supply of the newly acquired radiator firm was seriously inadequate; they had absolutely no stock of brass tubing for the construction of radiators. In order for the radiator firm to accomplish anything at all, it was necessary for the ordering firm to supply its own brass tubing. The Ministry, in preparing its yearly plan, had not taken into consideration these supply problems when the two firms were merged with IFA.

- 5. The percentage of the plant capacity for the individual firms, i.e. type of manufacture, was 3/7 for gasoline tank delivery vehicles, 3/7 for IFA production (auto, tractors, motorcycles), and 1/7 for trailer construction (3- and 5-ton). The production was valued at about 9,000,000 DM (East), without the trailer and radiator construction. The orders and recipients were as follows:

a. Gasoline Tank Delivery Vehicles

<u>Vehicle</u>	<u>Intended for</u>	<u>No. (Plant Quota)</u>
Vehicle for the ZIS 151 (5-ton)	Sov. Mil. Units	60
Vehicles for Studebaker (3 1/2-ton)	Sov. Mil. Units	200
Vehicles for ZIS 150 (3-ton)	Sov. Mil. Units	100

b. IFA Production (without trailers and radiators)

<u>Part</u>	<u>Vehicle Intended for and Location of Firm</u>	<u>No. Parts per year (Plant Quota)</u>
Air filters and mufflers	BMW passenger car "340" in Eisenach	5,000 ea.
Air filters and gas tank caps	BMW motor bikes 300 cu. cm., Eisenach	7,000 ea.
Engine hoods, fenders, mufflers, air filters, doors and gas tanks	Horch F-9, in Zwickau	3,000 ea.
Air filter, mufflers, gas tank caps	Horch H3A, 3-ton truck in Zwickau	3,600 ea.
Gas tanks, engine fire walls and mufflers	AUDI for the F-8, in Zwickau	4,000 ea.

CONFIDENTIAL

CONFIDENTIAL

-4-

b. IFA Production (continued)

<u>Part</u>	<u>Vehicle Intended for and Location of Firm</u>	<u>No. Parts per year (Plant Quota)</u>
Gas tanks, air filters, ventilation and heater housings	Phaenomen for the 1.5-ton truck, Zittau	4,500 ea.
Cabins, front fenders, gas tanks, chassis frames and mufflers	Framo for 3/4-ton truck in Hainichen	1,800 ea.
Baggage carriers and gas tank caps	DKW for the RI 125 cu. cm. and RI 250 cu. cm. in Tschoppau	1,000 ea.
Gas tanks, air filters and mufflers	Simpson for the AWO 250 cu. cm., in Suhl	6,000 ea.
Engine hoods, ventilation pipes, gas tanks, mufflers and tool boxes	Schlepperwerk for the 40-hp. wheeled tractor, in Nordhausen	4,000 ea.
Gas tanks, air filters, mufflers	Schlepperwerk for the 30-hp. wheeled tractor in Brandenburg	3,000 ea.
Gas tanks, air filters and mufflers	Schlepperentwicklungswerk in Schoeneberg/Elbe for research and development	3,000 ea.
Aluminum Chloride 80-liter capacity cannisters	Buna Werk in Schkopau	4,000

PRODUCTION PROGRAM FOR 1952

6. In spite of our protests, the production plan for 1952 was submitted to us as late as November 1951. Material reserves at this time were sufficient to cover only 60 per cent of this projected plan. The firms merged with IFA in 1951 were also unable to fulfill this quota because of the plant size and production capacity. Although IFA Blechverformungswerk itself increased its production from 9,000,000 DM (East) in 1951, to 30,000,000 DM (East) in 1953, we kept receiving orders for an approximate additional total of 20,000,000 DM (East), forcing our potential production up to 50,000,000 DM (East). Although the Ministry Planning Board was aware that our maximum capacity and productivity would be reached only in 1955, we could not obtain

CONFIDENTIAL

CONFIDENTIAL

-5-

a withdrawal of the additional load. We were forced to divide the surplus orders between the firms originally merged with IFA Blechverformungswerk, as these firms had not been given such a high quota, and had not yet received sufficient production orders. In mid-December, because of violent protests from all firms, the Ministry was obliged to officially replan the production quotas in accordance with the available material and plant production capabilities. As a result of this re-shuffling by the Ministry, a chain reaction of plan and quota changes began to take place. From December 1951 to about the middle of March 1952, there were approximately 15 production quota changes. This in turn forced changes in administration, finance, technology and the production department of IFA. To add to our woes, in March 1952, the Planning Board of the Soviet Military Administration, located in Karlshorst, submitted additional priority orders through the Ministry. As a result, our plant was again forced to turn over 50 per cent of the IFA Blechverformungswerk production (automobiles, motorcycle parts and tractors), to other firms. To compensate for this 50 per cent, the production of gasoline tank delivery vehicles had to be increased, and the production of aircraft landing mats instituted.

7. The production figures and ordering firms were as follows:

a. Tank Vehicles

<u>Vehicle</u>	<u>Intended Recipient</u>	<u>No. of Items</u>
Gas. tank del. veh. for the ZIS-151	Sov. Mil. units in Karlshorst	200
Tank trucks for Studebaker, (3½-ton, with handpump)	Sov. Mil. units in Karlshorst	300
Tank trucks for ZIS 151, (4-ton, with handpumps)	Poland	100
Tank trucks for ZIS 150, (3½-ton, with handpumps)	Poland	709
Tank trucks (semi-trailer 6-ton, with handpumps)	Buessing, East Germany	28

The design department of the IFA plant in the meantime undertook the development design of 157 Special Tank trucks for Poland. The production of these vehicles was to be initiated at the Walterhausen vehicle plant (Fahrzeugwerk, Walterhausen).

CONFIDENTIAL

50X1

CONFIDENTIAL
-6-b. Trailers

<u>Type</u>	<u>Intended Recipient</u>	<u>No. of Items</u>
5-ton trailer	German Trade Exchange (DHZ)-100 ea., & 200 ea. for Karlshorst-(Sov.)	300
3-ton trailer	German Trade Exchange (DHZ)	500
3 & 5-ton trailer with superstructures	DHZ for use with equipment & delivery trucks	60 ea.

c. Radiators

<u>Type</u>	<u>Intended Recipient</u>	<u>No. of Items</u>
For the F-8 engine	AUDI in Zwickau	4,000
For the F-9 engine	Horch in Zwickau	2,000
For the $\frac{3}{4}$ -ton Framo truck	Framo in Hainichen	2,400
For the H3A, 3 $\frac{1}{2}$ -ton truck	Horch in Zwickau	4,600
For the H6, 6-ton truck	Kraftfahrzeugwerk in Werdau	1,200
For the G5 cross country vehicle	Kraftfahrzeugwerk in Werdau	700
For the 40-hp. wheeled tractor	Schlepperwerk in Nordhausen	6,000
For the 30-hp. wheeled tractor	Schlepperwerk in Brandenburg	3,000
For the Studebaker	Sov. Mil. units in Karlshorst	1,000
For the ZIS 150	Sov. Mil. units in Karlshorst	<u>500</u>
	Total	25,400

The total ordered was actually 26,000; the balance of the radiators (600) was to go to the Kompressorenwerke (SAG). At the end of the year, another order for 2,500 radiators was given to the plant by BMW.

CONFIDENTIAL

50X1

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-7-



d. IFA Production

As in the radiator production listed in Para. 7 c above, the same production figures and recipients apply to the production of gas tanks, mufflers, air filters, and gas tank caps for the vehicles listed above; i.e. 4,000 of each part for the F-8 engine, intended for AUDI in Zwickau, etc. Over and above these items were the following:

<u>Part</u>	<u>Intended Recipient</u>	<u>No. of Items</u>
Mufflers, air filters	BMW - Passenger cars	7,000 ea.
Mufflers, air filters	BMW - motorcycles	9,000 ea.
Gas tanks, air filters, & blower casings	Phaenomen	4,500 ea.
Gas tanks, mufflers & air filters	Simson AWO	9,000 ea.
Support stands	DKW RT 125	3,000 ea.

e. Military Production

Aircraft landing mats made of sheet metal .3 x 50 x 305 cm. were a top priority item, which required a daily progress report to the Ministry. The mats were to be produced at the rate of 25,000 mats per month, starting with the month of May 1952. A minimum of 200,000 such mats had to be completed and delivered by the end of the calendar year. The firms AUDI and BMW in Eisenach were working on these items together with IFA Blechverformungswerk.

Production Problems at IFA

8. The following is a picture of the production problems experienced at IFA during 1952.

- a. Aircraft Landing Mats -- The actual production began in the middle of April 1952, and by 12 July of the same year, our plant, in conjunction with Fahrzeugwerk AUDI in Zwickau, had produced approximately 75,000 mats. During this same period, BMW in Eisenach was also making these mats and reached an output of 90,000. On 12 July 1952, all production of landing mats was discontinued because it was noticed that the various factories were manufacturing mats of different dimensions. (Machinery was readjusted by ESEM in Schwarzenberg to correct this condition.) After these changes, Blechverformungswerk, Leipzig, resumed production on 10 October 1952. (BMW in Eisenach discontinued production entirely.) Blechverformungswerk, Leipzig, together with AUDI, Zwickau, had two more orders to fill that year amounting to 130,000 mats. Blechverformungswerk manu-

CONFIDENTIAL

50X1

CONFIDENTIAL

-8-

factured 1,500 mats daily, and AUDI produced 40,000 from 18 November until 20 December 1952. I believe these mats are stockpiled at Dessau and Magdeburg, but I do not know the exact location.

- b. Gasoline Tank Delivery Vehicles -- Orders for these vehicles were placed by the Soviet Army and DIA, (Deutscher Innen-und Aussenhandel or German Domestic and Foreign Trade). In 1952, the Soviet Army ordered 200 tank vehicles for Air Force use, and 300 for armored units (unit distribution is unknown to me). The DIA order for 1952 consisted of 709 tank vehicles, as indicated above [paragraph 7 a], for export to the Polish Army. Tank vehicles for the Soviet Army were mounted on new ZIS 151 chassis and connected with a trailer. (These vehicles are equipped with a pump operated from the vehicle's engine, which serves to empty both main and trailer tanks.) The same type of tank vehicle on a chassis of the ZIS 151, without trailer, was delivered by rail from this plant through DIA for export to Poland. In addition to the above, the Soviet Army received 300 tank vehicles mounted on old Studebaker chassis. (These vehicles are equipped with a hand-operated pump). A third type of chassis, the ZIS 150, was used for mounting these tanks and was equipped with two hand-operated pumps. The original order of 709 tank vehicles for the Polish Army was later reduced to 427 with an additional order of 427 placed for 1953. The fuel capacity for these types of vehicles is as follows:

<u>Type</u>	<u>Capacity</u>	<u>Intended For</u>
Tank truck w/trailer ZIS 151 chassis, motor pump	2 x 4,000 liters	Soviet Air Force
Tank truck w/o trailer Studebaker chassis, hand pump	3,500 liters	Soviet Armored Units
Tank truck w/o trailer ZIS 151 chas- sis, motor pump	4,000 liters	Polish Air Force
Tank truck w/o trailer ZIS 150 chassis, 2 hand pumps	3,200 liters	Polish Armored Units

Vehicles for the Soviet Military Units were picked up and driven away by Soviet Military personnel to Frankfurt/Oder, but their ultimate destination is unknown to me. Vehicles which were intended for Poland, were transported by rail, with the "Motor-Import-Warszawa/Poland" as their destination. Supplies and material for the construction of gasoline tank delivery vehicles were furnished the Blechverformungswerk, Leipzig, by the following: chassis by the Soviet Army; motor pumps by EKM in Erfurt; measuring instruments by Mechanik Messgeraetewerk, Quedlinburg; gas resistant rubber hose by Kautas-Walterhausen and

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50X1

CONFIDENTIAL

-9-

Blankenburg/Harz; forged parts by Sanar Armaturenfabrik, Dahlen/Sachsen; alloy by SAG, Bitterfeld (Elektrochemisches Kombinat); zinc wire by SAG, Hettstedt; light gauge sheet metal and sheet metal for boilers by SAG Walzwerk, Thale; plate by Walzwerk Burg, near Magdeburg, Olbernhau and Hennigsdorf; section steel and rods by Walzwerk Riessa; screws, nuts and spring rings were received from TEWA Normteile Betriebe through the DHZ. (Since the middle of 1952, with the beginning of the Socialistic Competition or Sozialistischer Wettbewerb, the quality of sheet metal has declined while the quantity increased.)

- c. Radiators -- As indicated above, 26,000 radiators of various types were ordered, but the shortage of brass and sheet metal curtailed this operation and only 8,500 had been produced up to 30 September 1952. Production for 1953 had been set at 75,000 radiators. This figure could not be realized without larger investments and increased plant capacity, and in October 1952, 650,000 DM (East) were made available for this purpose. Supplies and material for the construction of radiators were furnished to the Blechverformungswerk, Leipzig, by the following plants: brass sheet metal and bands by Walzwerk, Hettstedt, and small quantities by the Berliner Halbzeugwerk. (Walzwerk, Hettstedt, lacks zinc and rollers for "Feinband", sizes 35x0 18 mm., 42x0 10 mm., 60x0 10 mm., 80x0 10 mm., 100x0 10 mm., and 120x0 10 mm.)

Shortages at Various IFA Plants in 1952.

9. In 1952, there were shortages in the following supplies and equipment: circular saw blades, band saw blades, taps, reamers, milling heads, tool steel, measuring instruments, electrodes for electro-welding, welding rods, borax for soldering, lead collectors (Bleichsammler Agus), solders, tin plates for galvanic tin plating, tin wire for spray tin plating, all types of spring steel, all sizes of spring rings, gas resistant rubber, gas resistant oil seals for pumps, black sheet metal under 1 1/2 mm. (DIN Norm ST.III/23). The availability of light gauge sheet steel (Feinblech) in the DDR is only 10 per cent, while the requirements are about 30 per cent. There were also shortages of drawn and deep drawn sheet metals (Zieh und Tiefziehbleche) under 1 1/2 mm. in qualities ST. V/23 to VIII/23 (DIN Norms), ball bearings for press machinery and dies, regulators for gas cylinders and all other equipment needed for electric and autogenous welding, leather caps (ledermanschetten) for hydraulic presses, and electrical switch equipment and transformers for tool machinery, presses, cranes and power installations for plants.

Causes of Production Difficulties In IFA Firms

10. The following seem to be the main reasons for the difficulties in the meeting of production quotas:
- a. Inadequate electric and gas supplies.
 - b. Irregular and insufficient material supply.

CONFIDENTIAL

CONFIDENTIAL
-10-



- c. Poor quality of production aids.
- d. Insufficient and defective hand and machine tools.
- e. Inadequate transportation.
- f. Shortages of machinery spare parts.

Value of 1952 Production

11. In 1952, the monetary value of production was set at 29,000,000 DM (East), but because of material shortages and production difficulties (mainly factory capacity), this figure was altered to 21,000,000 DM (East). This caused a 25 per cent decline in IFA vehicle output. The plant consisted of four main groups with cash output contemplated at:

	<u>DM (East)</u>
Gasoline Tank Delivery Vehicles	14,000,000
IFA Production	8,000,000
Radiators	4,000,000
Trailers	<u>3,000,000</u>
Total:	29,000,000 DM (East) (Reduced to 21,000,000 DM (East) 50X1-HUM

PRODUCTION PROGRAM FOR 1953

12. As a result of complaints by the various firms, the 1953 production planning began as early as July 1952.

At the same time, the Ministry attempted to readjust the supply of material to meet the demands of the production quota. In spite of the Ministry's manipulations in the production quotas, our plant was still unable to produce the required quota because of the plant's capacity and rather meager supply of materials. It was again necessary to turn many of our own orders over to other firms. As a result, the Ministry submitted another production quota change, which is shown on the following list:

<u>Item</u>	<u>For Whom Intended</u>	<u>No. of Each</u>
Tank trucks	Poland	500
Tank trucks	Albania & Rumania	50 ea.
Tank trucks	Sov. Mil. Units in Karlshorst	500
Trailers (5-ton)	DHZ & East Zone use	500
Trailers (3- & 4-ton)	DHZ	500 ea.
Radiators	Various firms in Zone	50,000
Radiators	Sov. Mil. Units in Karlshorst	15,000

CONFIDENTIAL

50X1

CONFIDENTIAL

-11-



IFA Production: Gas tanks, mufflers, & air filters	Various firms in Zone	40,000 total, breakdown unk.
Aircraft landing mats	Sov. Mil. Com- mission in Karlshorst	300,000

Monetary Value of 1953 Production

13. A great deal more consideration was given those projects with priority because material was easier to procure. The plant consisted of five main groups with cash output as follows:

	<u>DM (East)</u>
Gas Tank Delivery Vehicles	5,500,000
IFA Products	11,000,000
Landing Mats	10,000,000
Radiators	10,000,000
Trailers	<u>3,000,000</u>
Total:	39,500,000 DM (East)

1953 Vehicle Production Program for All IFA Plants

14. The breakdown of vehicle production for all IFA plants is as follows:

<u>Plant & Location</u>	<u>Type of Vehicle</u>	<u>Amount</u>
AUDI, Zwickau	Passenger car F-8	4,000
AUDI, Zwickau	Passenger car F-9	11,000 (Of these 11,000 vehicles, 2,000 will be passenger cars with the chassis made of synthetic material.)
Framo, Hainichen	Truck $\frac{3}{4}$ -ton	2,000
Horch, Zwickau	Truck H3A	5,000
Horch, Zwickau	Truck H3B	110
Horch, Zwickau	Stationary motor EM 4/6	1,400
Kraftfahrzeug, Werdau	Truck H6	1,400
Kraftfahrzeug, Werdau	Truck G5	2,450

CONFIDENTIAL

50X1

CONFIDENTIAL
-12-

EMW (formerly BMW), Eisenach	Passenger cars & pick- up trucks	7,000 total
Phaenomen, Zittau	1 $\frac{1}{2}$ -ton truck & pick- up trucks	5,500 total
Schlepperwerk, Nord- hausen	40-hp. wheeled tractor	4,250
Schlepperwerk, Bran- denburg	30-hp. wheeled tractor	1,300
Schlepperwerk, Bran- denburg	Tractor "Ruebezahl KB 07/62"	1,800
Schlepperwerk, Nord- hausen	"Maulwurf" tractor	1,400

ESTIMATE OF FULFILLMENT OF 1953 PRODUCTION QUOTAS

15. AUDI in Zwickau is mainly an assembly plant, which is supplied with engines from Motorenwerk in Chemnitz and chassis from Horch in Zwickau. Based on individual plant capabilities it is believed that the 1953 production quota placed on this plant will not be met, due to past performances.
16. Framo in Hainichen is a well established firm which manufactures $\frac{3}{4}$ -ton trucks with F9 engines. This plant should not have had trouble in meeting their 1953 production quota, providing materials were delivered on time.
17. Horch in Zwickau is a large independent plant which manufactures its own engines. In addition to vehicle production, this factory handles orders for machine tools and special tool machinery. The plant was capable of fulfilling its quota, providing material supplies were procured on time. Its major project is the production of the H3A truck. This is a government order and is deliverable to the "Buero fuer Wirtschaftsfragen", (BfW) in Berlin, Schnellerstr. 4. BfW is a department of the Ministry of the Interior, whose mission is the supply of the Volkspolizei and mainly the Volksarmee (People's Army).
18. Kraftfahrzeugwerk in Werdau manufactures the H6 (5-ton truck) and the G5 cross country vehicle. The 1953 production quota for this factory seemed unusually high, as the quota for 1952 had to be reduced because of production difficulties caused by firms which supplied parts and sub-assemblies.
19. EMW in Eisenach (Eisenacher Motorwerke, formerly BMW) will not have had any difficulties meeting its production quota. In addition, this factory planned to manufacture 20,000 motorcycles, providing materials were procured.
20. Schlepperwerk in Nordhausen and Brandenburg should have been able to meet their 1953 production quota.

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50X1

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-13-

21. I believe that the over-all fulfillment of the 1953 IFA Production Plan by most plants will prove difficult to meet because Soviet orders for large amounts of spare parts had first priority. Spare parts manufactured by various IFA plants are for the repair of the Studebaker, Dodge and Willys vehicles and in addition to the scheduled 1953 production program. As an illustration, the Blechverformungswerk, Leipzig, had to manufacture 10,000 Studebaker radiators, 1,000 Dodge and 500 Willys radiators. Amounts similar to the above apply to other spare parts such as wheel disks, axles, drive shafts, springs, shock absorbers, brakes, driver cabin parts, sheet metal stamped parts, and gear shift forks. Some plants such as the Gelenkwellenwerk in Stettin, a drive shaft factory, will not be able to meet their regular scheduled quotas because of the low plant capacity. To overcome this situation, the construction of a new plant, (location unknown to me) for the manufacture of all Soviet spare parts has been started. This plant is to be equipped with machinery made at Horch in Zwickau. In addition to the plants mentioned above, the Motorrad und Fahrradwerk VEB (formerly Simson & Co.) in Suhl, which receives various sub-assemblies and parts from IFA, will have manufactured approximately 20,000 motorcycles in 1953, and will have resumed the mass production of small arms such as pistols, carbines and machine guns.

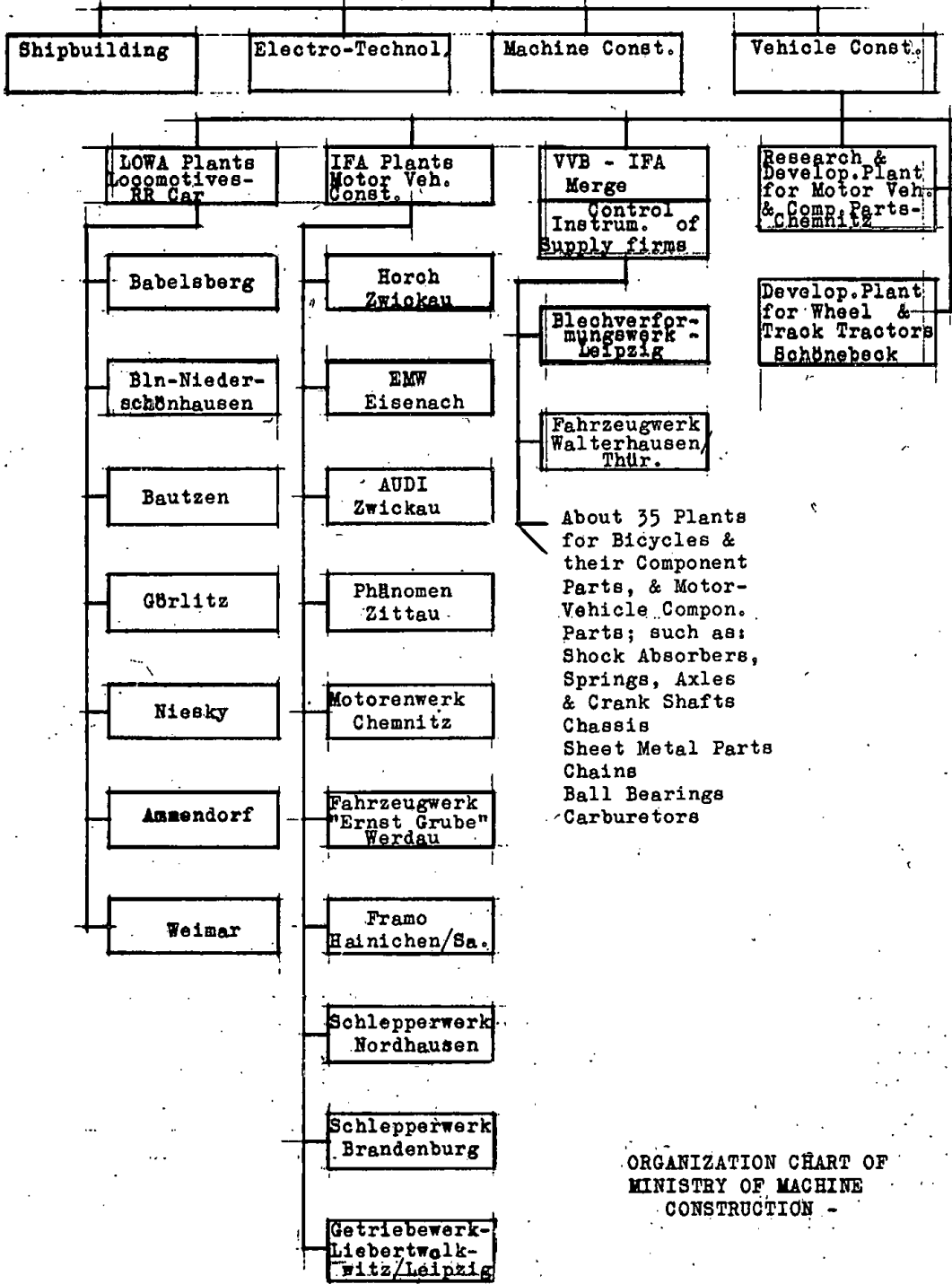
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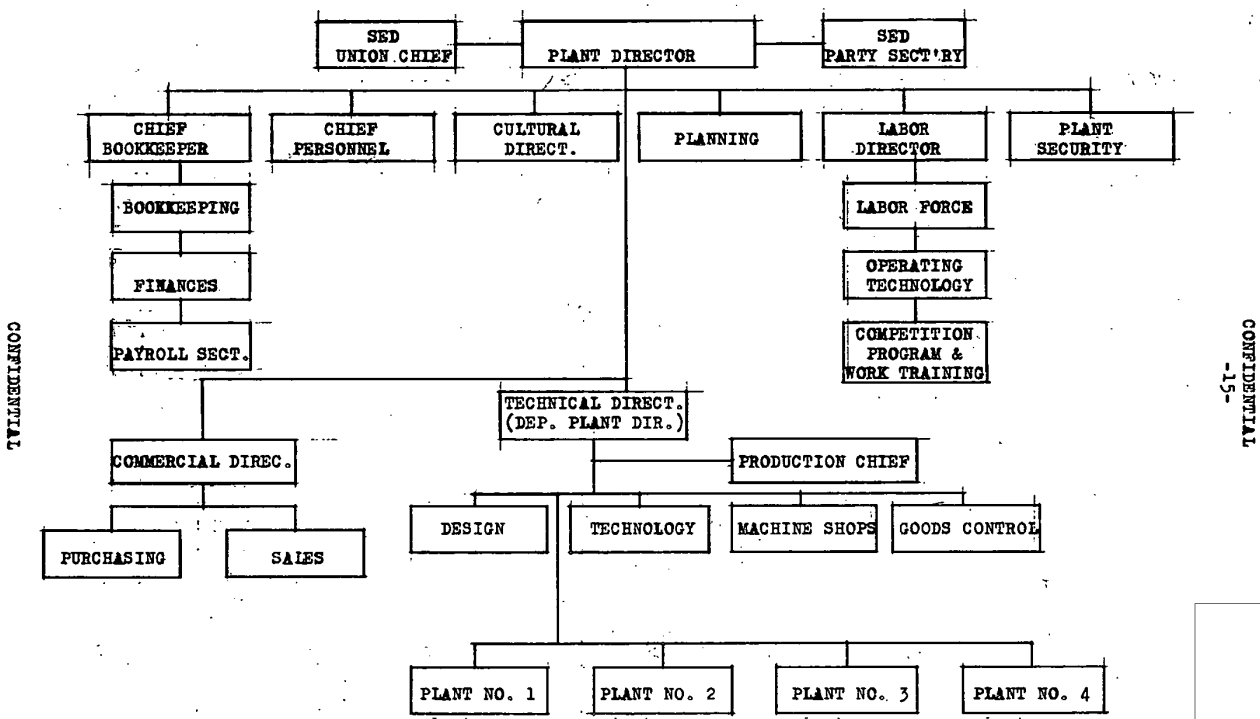
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Ministry of
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-15-

UNIFORM ORGANIZATION PLAN FOR ALL IPA PLANTS.

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