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CENTRAL INTELLIGENCE GROUP
INTELLIGENCE REPORT

COUNTRY Hungary

DATE:

SUBJECT Textile Agreement Between Hungary and the Soviet Union

INFO:

DIST. 7 April 1947

PAGES 2

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- 25X1 1. A Soviet economic commission in Budapest at the end of December 1946 expressed a hope to sign a second work contract with the Hungarian textile industry. A Hungarian delegation will leave soon for Moscow. The conditions offered by the Soviet Union and the terms of the Hungarian authorities are not known.
2. It should be noted that at the end of 1945, Hungary signed a commercial treaty with the Soviet Union for cotton thread and fabric. The USSR promised to deliver 30 million kilos of raw cotton to Hungary. Before the war the Hungarian cotton industry required 30 million kilos of raw cotton annually in the following quantities:

4,000 tons of Russian cotton 1st quality, minimum length of fibers 30mm
 15,000 " " " " 2nd " " " " " "
 7,500 " " " " 3rd " " " " " "
 2,500 " " " " 4th " " " " " "
 1,000 " " Egyptian 1st and 2nd quality
 30,000 tons Hungarian delivery. The first deliveries were made in October 1945.

3. According to the agreement, Hungary has promised to deliver 3,112 tons of thread and 55,870,000 meters of cloth of the following types:

1,112 tons of thread (34 meter)
 700 " " " (54 ")
 700 " " " (65 ")
 600 " " " (85 ")

9,760,000 meters of cloth dyed for work clothes
 1,610,000 " of bleached cloth for sheets
 15,870,000 " of other white fabric
 14,900,000 " of printed material
 3,000,000 " flannel
 2,420,000 " fabric for lingerie
 8,280,000 " fabric for women's dresses
 55,870,000 meters

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 Class. CHANGED TO: TS S C
 ODA Memo, 4 Apr 77
 Auth: DDA REG 77/1753
 Date: 7 APR 1978

4. The thread and the fabric were to have been delivered by the end of 1946 but deliveries were postponed until 30 June 1947:

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	<u>Fabric</u>	<u>Thread</u>
2nd quarter 1946	7,930,000 Meters	None
3rd quarter 1946	8,000,000 "	300 Tons
4th quarter 1946	11,000,000 "	400 Tons
1st quarter 1947	14,420,000 "	700 Tons
2nd quarter 1947	14,500,000 "	1,712 Tons
	<u>55,870,000 Meters</u>	<u>3,112 Tons</u>

By the end of October Hungary had delivered about 19 million meters of fabric. The waste or loss reverts to the manufacturers.

- The Hungarian Supreme Economic Council has fixed the quality of the raw cotton at 86 per cent. Up to 31 July 1946, the cotton manufacturers received 1.163 kilograms of raw material and .185 kilograms of another grade for a total of 1.348 kilograms which yielded one kilo of No. 28 quality English thread. Since 1 August, 1.163 kilograms of raw cotton and .400 kilograms of another quality cotton for a total of 1.563 kilograms yielded one kilo of No. 28 quality English thread.
- The weaving and finishing conditions up to 31 July were as follows:
 - Weaving: 70 grams raw cotton per running meter for the first $7\frac{1}{2}$ million meters
 - 50 grams raw cotton for the balance.
 - Finishing: 130 grams raw cotton per running meter for printed merchandise
 - 80 grams raw cotton per running meter for merchandise woven of dyed thread
 - 37 grams raw cotton per running meter for unbleached merchandise.
- New conditions for weaving and finishing for deliveries made after 1 August 1946 have not yet been established.
- The Neumzetközi Textilipar és Textilkereskedelmi Incorporated has been established to fulfill the contract with the Soviet Union. The directorate of the company is comprised of members of the Hungarian textile industry and representatives of the Ministries of Industry, Finance, and Foreign Trade. The Soviet Union is represented in these transactions by the Society Exportlen of Moscow.
- In 1941 there were 342,750 spindles available for spinning cotton; as a result of war damage and exports of machinery to Russia, this number dropped to 205,800. As of 3 October 1946, there were 231,000 spindles reported to be in Hungary.

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