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**CENTRAL INTELLIGENCE GROUP
INTELLIGENCE REPORT**

COUNTRY Germany/Russian Zone

DATE: 25X1A

SUBJECT Establishment of Branches of Soviet A.G.s in Saxony-Anhalt; Soviet Purchase of the "Preussag" in Schönebeck/Elbe
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INFO. [redacted]

DIST. 29 April 1947

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SUPPLEMENT

ORIGIN 25X1X



1. On 1 March eleven Soviet A. G. general directors were to establish branches in Halle and Verwaltungsbezirk Merseburg. The names of the eleven Soviet A.G.'s represented were listed in the Merseburg's certificate of approval dated 1 March as follows:

- A.G. für Transportmaschinenbau "Transmash"
- A.G. für Baustoffe "Tsement"
- A. G. für Chemische Industrie "Plastik"
- A. G. für Gummiindustrie "Kauchuk"
- A.G. für Hüttenindustrie "Marten"
- A.G. für Düngemittel "Mineralais Döobreniya"
- A.G. für Buntmetallindustrie "Ged"
- A.G. für Maschinenbau "Podemrik"
- A.G. für Farbstoff Erzeugung "Kraska"
- A.G. für Electro Chemische Industrie "Kaustik"
- A.G. für Foto-Kino-Film Industrie "Photoplenka"

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Next Review Date: 2008

2. On 6 March Alexander Lehedev (sic, possibly Lebedev), Fedor Denisov, and S. S. Leontyev appeared at the main office of the Economic Division in Halle to request similar permission for the total region of Saxony-Anhalt. Permission was granted the same day. **comment:** On 7 March it was generally believed in Provincial administration offices that establishment of these branches was connected with the return to State administration of eighteen Soviet A.G. plants. It is believed that the Soviets have decided not to take over plants as Soviet A.G.'s directly but rather to buy German production facilities outright or at least to buy the production from these facilities.)

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3. Province Saxony SMA Order #23, dated 29 October 1946, required Vice-President Dieker to legalize the transfer of the expropriated

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Preussische Bergwerks-und Hütten A.G. in Schönebeck/Elbe to the Soviet A. G. für Gerätebau, formerly Schäffer und Fudenberg. The transfer was effected 1 October 1946. On 3 January at the 7th extraordinary session of the Saxony-Anhalt cabinet it was unanimously decided to refuse to negotiate the contract for sale on the grounds that Order 523 signed by Col. Vedshidov was illegal. The cabinet said the contract was not legal because technically Saxony-Anhalt was still at war with the U.S.S.R. and the Landtag had not given its approval. [REDACTED] comment: When 25X1A General Shlyakhtenko heard about the decision, he forced the cabinet to withdraw it.)

4. A contract of sale, however, stating the purchase price to be 1,506,000 Reichmarks was drawn up and signed on 5 February. Payment was to be made to Account 100 of the Industriewerke of the Province of Saxony-Anhalt and to the bank of the Province of Saxony-Anhalt in Halle.

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[REDACTED] Comment: The establishment of "branches" of Soviet AGs reported in para. 1 probably refers to the Russian plan to decentralize the Soviet AG directorate in Berlin-Weissensee, whereby each Soviet AG branch is to set up a directorate near its main factories, as stated in [REDACTED]

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