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CENTRAL INTELLIGENCE GROUP
INTELLIGENCE REPORT

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SUPPLEMENT

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SOURCE

1. Around the middle of July 1947, Colonel Michin orally informed the directors of agencies in charge of checking industrial plants that the filling of orders for the western zones which had been negotiated after 10 June 1947, as well as all export orders for western European countries, with the exception of Switzerland, should be stopped, and that the raw materials earmarked for these orders should be diverted to orders received from eastern countries.
2. During a meeting of the Department of Trade and Supply of the Central Administration for Interzonal and Foreign Trade, which was attended by President Orlopp and Dr. Landwehr, the creation of an export agency in the Russian Zone was discussed. The officials of the Department of Trade and Supply were aware that an export trade based mainly on government monopoly presents difficulties, and it was therefore recommended that private concerns be permitted to participate in foreign trade. The resumption of direct contacts between German manufacturers of the Eastern Zone and foreign customers is being greatly hampered by the fact that most leading factories have been socialized. There is little likelihood that exports from the Eastern Zone of Germany will reach a significant level within the near future, because of the fact that reparations orders have priority over export orders. Official figures released from time to time concerning import-export agreements refer, as a rule, only to industrial raw materials and auxiliary materials in large bulk. There exists, however, a certain kind of direct export of finished products: i.e., goods bought originally by the Soviet Purchasing Commissions for shipment to Russia are actually sold in part in foreign markets.
3. At the present time preliminary discussions are under way concerning an import-export agreement between the Soviet Zone of Germany and Hungary involving a figure of more than 7½ million RM. It is planned
 - a. to import wool and linen for processing, value: RM 6,000,000
 pelts and skins, " : RM 1,000,000
 hemp-seed and vegetable seeds, " : RM 500,000
 - b. to export textiles to the amount of RM 5,000,000
 shoes " " " " RM 800,000
 sewing-machines, bicycles,
 industrial glass, corundum,
 false teeth, parts of
 textile machines, and
 cameras to the amount of RM 1,700,000

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4. The Directors-General of the various Soviet AGs and their staffs are located in Berlin-Weissensee, Berliner-Allee 110. This central agency is headed by one Matyukov. On 4 August Matyukov's representatives and officials of the Central Administration for Interzonal and Foreign Trade met in Weissensee to discuss the procurement, either from the western zones or from abroad, of items urgently needed by the Soviet AGs and not available in the Soviet Zone of Germany. It was planned that the goods in question be procured on an import-export basis with the help of the Central Administration. The following items are involved:

100 tons of camphor, available only in India and Japan.
(It could be replaced by turpentine oil from France which could be re-processed in the Schering plant.)

500,000 tons of pure phosphorus
200,000 " " naphthalene
200,000 " " talcum
500,000 " " Norwegian feldspar containing up to 3% potash
500,000 " " magnesium powder
300,000 " " yellow sulphur

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