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# INFORMATION REPORT

CD NO.

COUNTRY Hungary

DATE DISTR. 31 MAR 1948

SUBJECT The Photochemistry Joint Stock Company, Vac

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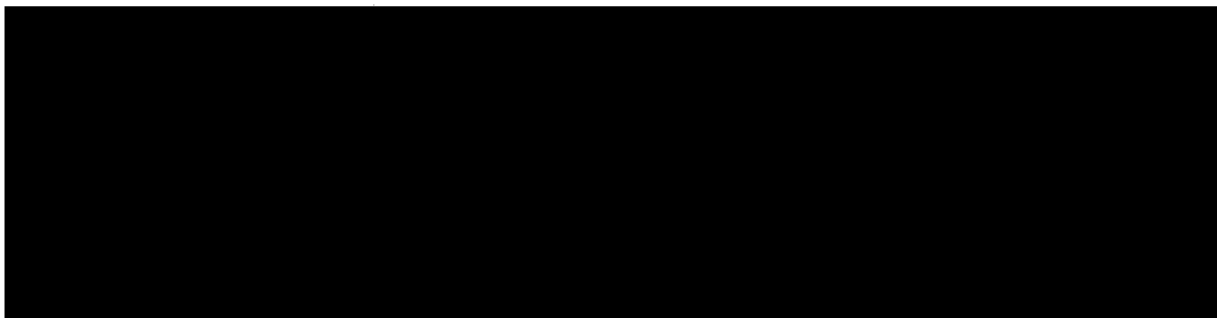
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NO. OF ENCLS. (LISTED BELOW)

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SUPPLEMENT TO REPORT NO.

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1. The former Kodak Photo Company at Vac, which has been idle since 1944, was bought in 1947 by the Hungarian Credit Bank and was reestablished the same year under the name Photochemistry Joint Stock Company.
2. The company produces photo paper and has maximum capacity of 100,000 square meters per month. In 1947 the monthly average production was 20,000 square meters, which was gradually raised to 80,000 square meters by November 1948. The company employs a total of approximately 100 trained workers. The special raw material paper is imported from Belgium, England and the Western Zones of Germany. Some of this paper was also bought in Czechoslovakia; however, the paper of Czechoslovak origin is of bad quality because it has some metallic content.
3. Hungary's monthly consumption of photo paper is approximately 15 to 20,000 square meters; production above the internal needs of Hungary is exported to Holland, Bulgaria, Yugoslavia, and Rumania. In 1948 Holland bought photo paper in the amount of approximately \$200,000.00 at a price of \$1.20 per square meter and has a contract for the delivery of photo paper in the amount of \$400,000 for 1949. Austria, Egypt, Israel, and Finland also have contracts for the delivery of photo paper with the company, but the value of the paper to be delivered is not known to [REDACTED]. In Yugoslav relations the company experienced some difficulties in obtaining the necessary export license, but the deliveries never came to a stop. In the Balkans all exports are made on a compensation basis.
4. The Hungarian Government plans to expand this shop by introducing the production of films and photo plates and has allotted \$50,000 for the purchase of the equipment of the Perutz and also of the Schleisner factories, which were allegedly auctioned in Munich on 11 December 1948. Production of films and photo plates is scheduled to start in June 1949.
5. Since May 1948 the general manager of the company has been Laszlo Darvas, a former officer of the State Defense Department and a Communist.

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CENTRAL INTELLIGENCE AGENCY

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6. The company is subordinated to the Central Office for the Unorganic Chemical Industry, which in turn is a branch office of the Directorate for the Chemical Industry under the Ministry of Industry. 25X1X6  claims that these supervisory organs work well and rapidly. The company experienced some difficulties in marketing its products because of the lack of qualified sales personnel and also because of the mistrust encountered in Western countries for Hungarian-manufactured photo products.
7. Dissatisfaction is widespread because old, well-trained workers are dismissed as politically unreliable and replaced by young, inexperienced Communists and also because wages received do not permit workers to have the same standards of living to which their wages entitled them in pre-war days.

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