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INFORMATION REPORT

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CONFIDENTIAL

COUNTRY Germany (Russian Zone)

DATE DISTR. 28 SEP 51

SUBJECT Reorganization of MAIH and Proposed
Metal Import Subterfuges

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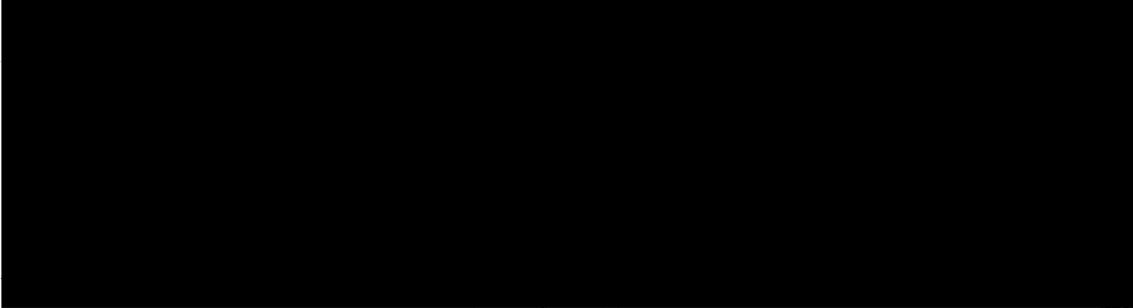
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SUPPLEMENT TO
REPORT NO.

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1. Because of a sharp drop in imports during recent months, it is considered unlikely that target figures for the first quarter of 1951 under the Five-Year Plan will be achieved, even though imports received up to the end of May 1951 were being included in the fulfillment figures for the first quarter. The difficulties caused by the decline in imports from Western Germany and from the USSR under the 1951 agreement have been increased by the fact that the 1951 trade agreements with the CSR and Poland have not yet been ratified. The import plan for the second quarter of the year has been based largely on the assumption that deliveries from these two countries would be forthcoming.
2. In view of this failure and its adverse effect on industrial production and the Five-Year Plan, considerable criticism has been directed against the Ministerium für Aussenhandel- und Innerdeutschen Handel (MAIH); and in particular against Minister Georg Handke.
3. A meeting, attended by representatives of the State Planning Commission, DAHA, Deutsche Handelszentrale (DHZ), and MAIH was held on 28 May 1951. When Josef Erlom, the head of the main administrative division for Internal German Trade, was asked to report on the activities of his department during the first five months of 1951, he read a list of all imports received from Western Germany during this period. He was unable to continue as his speech was greeted with loud cries of derision in particular from the DAHA representatives. A number of DAHA officials stated that the Internal German Trade Division had invariably proved to be more of a hindrance than a help in its relationship to their own department and should be abolished.
4. Later in the same day, a meeting of DAHA representatives was called by Secretary of Heavy Industry Kurt Gregor, who announced that, as of 1 August 1951, the main administrative division for Internal German Trade would be dissolved and its functions assumed by the respective divisions of DAHA.
5. To facilitate the transfer of functions under the reorganization, instructions have been received by DAHA that, when the new interzonal trade agreement is signed, DAHA will immediately become responsible for its supervision. West Germany has indicated that it would no longer deliver strategic materials in exchange for "Massenwaren". In order to exert pressure on the West German negotiators, orders have been given for deliveries of lignite to West Berlin and Western Germany to be temporarily stopped.

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CENTRAL INTELLIGENCE AGENCY

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6. A meeting of DANA-Metall officials, presided over by Director Neumann (fnu), was held on 20 May 1951. Neumann stated that in recent weeks strict controls had been applied at the interzonal crossing point of Dreilinden.* The American officials there not only demanded bills of freight for all goods, but had also confiscated goods destined for the DDR. Since there was no reason to suppose that there had been any leakages on the part of DDR officials, Neumann could only conclude that the West German suppliers had been making indiscreet customs declarations.
7. It was suggested that West German suppliers be encouraged to fill out bills of freight in general terms. For example, deliveries of Automatenstahl (plate steel) should be defined merely as Allgemeinstahl (general purpose steel). Furthermore, the Staats-Sicherheits-Dienst (SSD) should be instructed to report what inspections were made of goods in transit. If the inspections were not detailed, there was no reason why entirely false declarations should not be made, since it was doubtful whether the average American soldier was capable of distinguishing between different kinds of metal.
8. Neumann agreed and announced that he intended to leave for Western Germany in order to pass on these proposals to their suppliers. He suggested that it might be advisable, in future, to include various kinds of metal in the same truck, in order to render more difficult the task of identification. Neumann left for West Germany on the same day.

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* Comment: This is not further identifiable in available reference material.

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