ELLOFAX 26

CONFIDENTIAL

50X1-HUM

CLASSIFICATION SECRET/CONTROL - U.S. OFFICIALS ONLY
Security Information

CENTRAL INTELLIGENCE AGENCY

REPORT

INFORMATION REPORT

CD NO.

COUNTRY Rumania

DATE DISTR. 29 February 1952

SUBJECT Sovrommetal

NO. OF PAGES 12

PLACE ACQUIRED

NO. OF ENCLS. (LISTED BELOW)

50X1-HUM

DATE OF INFO.

SUPPLEMENT TO REPORT NO.

THIS IS UNEVALUATED INFORMATION

50X1-HUM

1. Sovrommetal is the Soviet-Rumanian successor company to Resita, a well-known steel and iron works. When a general nationalization law was passed in Rumania in 1948, a number of Soviet-owned industrial plants were affected by the decree. Industries considered profitable by the Soviets were not permitted to be nationalized. Industries not considered profitable by the Soviets were nationalized, and compensation was paid by the Rumanian State in accordance with the terms of the nationalization decree, though no other former owners ever received compensation. In some cases the USSR waived compensation in some industries on condition that a Sovrom was formed for the joint exploitation of the industry concerned. In this case the USSR contributed the compensation due to it as its share in the assets of the new company.

50X1-HUM

CONFIDENTIAL

CLASSIFICATION SECRET/CONTROL - U.S. OFFICIALS ONLY

STATE	NAVY	NSRB	DISTRIBUTION						
ARMY	AIR		ORR-EV						

50X1-HUM

50X1-HUM

Iancu Petre Simonemco was appointed joint general manager of Resita after the nationalization, and general manager of Sovrommetal after the establishment of this organization on July 1, 1949. It is not known at what time negotiations for the formation of Sovrommetal began after the nationalization of Resita. However, as a first step Resita, together with the Hunedoara, Malaxa, and Ferdinand works were combined in the CIS (Centrala Industriei Siderurgice - Steel and Iron Industry Center), which then became the DGIS (Directia General A Industriei Siderurgice - Steel and Iron Industry Department) of the Ministry and Metallurgy and Chemical Industry. On January 1, 1949, Resita was detached from the CIS and was given the status of an independent "Representation" with two managers, Carol Loncear to represent Rumanian interests, and Iancu Petre Simonemco to represent Soviet interests. This arrangement remained in force until July, 1949, when Sovrommetal was established. At the time of the establishment of Sovrommetal, Resita assets consisted of the following properties: the Resita works, a screw factory at Anina, the electric power station at Anina, the bridge works at Bocsa Romana, and the factory for agricultural machinery at Bocsa Romana. In addition there were coal mines at Anina, Doman, Secul, Armas and extensive real estate at Resita, which included forests and vineyards and land on which other works and factories were situated. The Resita forests and vineyards, the Anina coal mines, and other assets of the Resita company estimated at 34 per cent of the total assets, became Rumanian State property. Of the remaining 64 per cent, the Soviets held 33 per cent which entitled them to a 50 per cent interest in the new Sovrommetal organization. The Anina mines were shortly thereafter included in the Rumanian contribution to Sovromcarbune in order to make up 50 per cent of the total assets and to prevent the Soviets from claiming a controlling interest in Sovromcarbune. Rumania guaranteed the USSR a 6 per cent return on the Sovrommetal capital.

50X1-HUM

the real net profit, not that which appeared in the balance sheets, stood at 49 per cent on the capital at the end of the first working year. Overhead expenses were charged at 45 per cent, while the production costs of any item required in manufacturing process were calculated as though this piece had had to be individually manufactured for the purpose, even if it had already been previously used. Cost accounting is carried out in this manner at the wish of the Soviets. The balance sheet had to be signed by representatives of the Ministry of Metallurgy and by the Cost Accounting Section of the Ministry of Finance, but these figures did not show great interest, and were prepared to take the 6 per cent profit which appeared in the balance sheet as the basis for tax calculations. The tax evasion which resulted was to some extent made up by the fact that the state shared in the 49 per cent profits, which were used either for secret State funds or the Communist Party. There was a double bookkeeping system, one headed by a Russian, Smirnov, and the other by a Rumanian, Ilie Pascu. The Soviets were able to remove their share of profits without any restrictions. There were two blast furnaces known as No. 1 and No. 2, the latter being the more modern in construction. The furnaces consisted of several chambers, the lowest producing the raw iron, of which 10 to 15 per cent was grey cast iron and the remainder white cast iron. Other chambers collected the other metals present among the iron ore, including lead, bronze (sic)

and silver. These auxiliary chambers were cleared once a year. In the summer of 1951, 300 tons of lead were collected from the two furnaces. This was sent to the Laminorul factory. [redacted] 50X1-HUM [redacted] this was the total lead production of the two furnaces for that year. Using iron ore as raw material and coal gas made in the coke works as fuel, the furnaces produced 10 to 15 per cent of grey cast iron for the production of crude iron sheets for domestic stoves and boilers, and white cast iron as raw material for steel production. [redacted] the furnaces required five hours for each batch of cast iron. He knew that 3,000 tons of cast iron were put aside every month for the steel works, so that these could work to capacity even if there were a shortage of scrap iron. The steel works preferred to use scrap iron, as this cost less. [redacted] 50X1-HUM [redacted] they did not receive more than a maximum of another 3,000 tons of scrap per month. Sovrommetal steel production per year was in the neighborhood of 240,000 tons, of which 36,000 tons were made of scrap iron. There was practically no loss in weight in steel production from either scrap or cast iron so that 204,000 tons must have been made from cast iron produced in the two blast furnaces. Cast iron sold for 12,500 lei per ton including tax. Iron ore sold for 400 lei per ton. 50X1-HUM 50X1-HUM 50X1-HUM 50X1-HUM

3. Equipment for the steel works consisted of eight Siemens-Martin furnaces and two galvanic pile electric furnaces. Resita had a factory for the production of firebrick, so that additional Siemens-Martin furnaces could be constructed when needed. Using white cast iron, scrap iron, metallurgical coke and silicium as their raw materials, the Siemens-Martin furnaces produced steel with all grades of carbon content in ingots and in quadrilateral and octagonal elongated truncated cones. The cast ingots weighed from 600 kgm to 25 tons. The electric furnaces produced high quality steels, including molybdenum, nickel and chrome steels. One of these was known as SAE 3140, and was used for the manufacture of sleeves for oil well drills, while another, known as O.P. steel, was used for the manufacture of sheet steels required for munitions. The Siemens-Martin furnaces produced 60 to 70 tons of steel in six hours. Working three shifts a day, the eight furnaces, being charged four times a day, in theory produced roughly 2,000 tons of steel. In fact, clearing and recharging took a considerable time, and actual production did not exceed 1,000 to 1,100 tons per day. The electric furnaces produced three tons of steel in five to six hours. They were used only as required, and their maximum capacity was not known [redacted] 50X1-HUM

4. Production methods at the steel foundry which was a subsidiary of the main steel production works consisted of melting down steel in a furnace and running it into wood or sand molds, the latter requiring a special type of sand known as Doclin in Rumanian. These castings supplied frameworks and parts for machinery. The work was done by hand with no special equipment. Products included cylinders for locomotives, spokes for locomotive wheels, complete wheels for railroad cars and locomotives, casings for electric motors, oil well mud pumps and steam engines, shafts for shipping and other cast steel products. Production depended on orders, [redacted] 50X1-HUM [redacted] There was sabotage by the workers, and up to 70 per cent of the finished pieces were faulty and had to be recast.

5. The rolling mills consisted of several complete trains of rollers, each train being used for the manufacture of a particular product.

6. The fine work train had a single large electric roller, which produced two types of billets from 600-kgm ingots. These were either light billets of 3 to 30 (35) mm thickness, used as concrete reinforcements, and as flat, round and U irons for general purposes, or round billets, a semi-finished product for pipe factories. The roller was worked for 24 hours in three shifts, and could produce 90 tons of iron per shift. One shift a day was required for the changing of the rollers.

7. The medium work train had a single large electric roller, which produced two types of billets from 600 to 1,400 kgm. ingots. These were either round billets known as 68/68 and 70/70, for pipe factories, or medium billets, for angle irons, round iron, commercial iron, 9 to 13 mm rails and U irons. The machine worked 24 hours a day in three shifts. Maximum production was 110 tons of steel per shift, but one shift a day was used on changing rollers.

8. The sheet steel train had a single large electric roller which made sheet iron of all thicknesses from five mm up, using mild steel ingots of 1,400 kgm. to six tons, as well as malleable plates for cold forging and curved plates for ships and for boiler lids. The machine worked 24 hours a day in three shifts, and its maximum capacity was 100 to 110 tons per shift, with one shift a day employed on changing rollers.

9. The reversing or shaping train had two large electric rollers. The first of these stretched 1,400 kgs. steel ingots, aligned their sides, and changed them from roughly pyramidal shape to a parallelepiped shape. The name "Reversing" derives from the fact that this roller turned the ingots automatically during the rolling process. The second roller converted the elongated ingots into railroad track, girders, and large U irons. Using O. P. steel (see above) this train also made semi-finished products for munitions factories. Production was begun in January 1951 for supply to the following factories:

   a. The March factory at Tohani, near Stalin (Brasov) formerly owned by Malaxa).

   b. The Brainer Bela factory (formerly Voina) at Stalin.

   c. The Steagul Rosu factory at Stalin.

   d. The Cugir factory.

   e. The Margineanca factory. This factory made munitions during the last war, but was converted to the production of agricultural machinery afterwards. In 1951 it was reconverted for munitions manufacture. These machines worked 24 hours a day in three shifts. The maximum production capacity of the reversible train was 130 tons per shift, but one shift per day was employed on changing the rollers.

10. The total maximum production of rolling mills was as follows:

a. Fine work, 2 shifts per day, 180 tons per day

b. Medium, 2 shifts per day, 220 tons per day

c. Sheet Steel, 2 shifts per day, 220 tons per day

d. Reversing, 2 shifts per day, 260 tons per day

11. The maximum daily production was 880 tons. Taking 25 working days a month, and adding a production of 1,100 tons per month for the wheel flange train, maximum total production of all rolling trains per month was 23,100 tons. Between 20,000 and 22,000 tons of rolled steel were produced monthly by Resita during World War II, when production was at its maximum, a figure roughly equivalent to that obtained by adding the maximum capacities of the single trains as above.

12. The wheel flange train made the outer rims or flanges of locomotive and railroad car wheels [redacted] 50X1-HUM
[redacted] It did not consist of any system of rollers. Its maximum 50X1-HUM
production capacity was 1,100 tons per month.

13. The forge had eight to ten remelting furnaces. Ingots from four to 25 tons in weight were reheated and then shaped as required by two large and many small hammers. The large hammers were the only ones of this type in the whole of Rumania, and other steel works sent ingots over four tons to Sovrommetal to be forged. The large hammers developed a force of 250 to 300 tons. The forge made automobile axles and propeller shafts for fishing vessels, which went to the metallurgical departments for finishing. The forge had a maximum capacity of between 3,000 and 4,000 tons per month.

14. The coke works made gas to heat the blast furnaces and coke for admixture to the molten crude iron in the Siemens-Martin furnaces.

15. The steel foundry's work was held up by sabotage, the workers apparently not fearing the consequences. There was sabotage on a large scale in all departments, even the blast furnaces, where grenades were put in with the ore in order to cause explosions. The forging department was much too small to be able to cope with the demand by Sovrommetal itself and the other Rumanian steel works, especially in view of the large compensation production called for under the terms of the armistice with the USSR and the need for new equipment for the oil wells. The rolling mills could not work for lack of spare rollers. Sovrommetal could have produced these, but the Soviets did not agree to the interruption of other production for this purpose, and rollers had to be imported from Czechoslovakia, which did not, however, send more than two rollers in 18 months.

16. Metallurgical production came from factories which were both at Resita and in the vicinity.

17. The bridge construction factory used products coming from the rolling mills for the manufacture of all types of railroad bridges which were made in sections and erected at the site by Sovrommetal, mountings for oil well drilling equipment up to a weight of 28 tons; points and switches for railroad track; pylons for telephone wires and other steel construction material. Its maximum production capacity working 24 hours a day was 2,500 to 3,000 tons a day.

18. The factory producing wheels finished the rough castings of spokes from the steel foundry and flanges from the flange department to make 650 pairs of freight car wheels per month and seven to eight sets of wheels for locomotives, consisting of four large and two small wheels each. The 23 August (formerly Malaxa) factory, the only other works in Rumania to produce locomotives, was unable to make these wheels and obtained its requirements from Sovrommetal.

19. Casings and shafts for electric generating equipment came from the Hala Veche factory (see below), copper wire came from the Industria Sarmei factory and silicate sheets came from the Otelul Rosu (formerly Ferdinand) factory. Silicate steel was made by Sovrommetal, but as these sheets had to be of less than 5 mm. thickness, thick plates were sent to Otelul Rosu for thinning. Mica and leteoride (sic) insulators were imported from Czechoslovakia and Hungary [redacted] Prespan (sic) cardboard was formerly imported, but then produced in Rumania in fairly good quality. The equipment made included: dynamos, generators and transformers, either in sections or assembled, with a capacity of up to 6,000 KW. The factory produced equipment totaling 35,000 KW per year, of which machines totaling 5,000 KW remained at Sovrommetal, while the rest were marketed in Rumania and the USSR. The equipment was of excellent quality, even the Soviets admitting it was better than that made in the USSR itself.

50X1-HUM

20. The Hala Veche (Old Hall) factory had been the oldest production unit at Resita, and it was very well equipped. It used rolled and forged steel from Sovrommetal, and machine casings from the foundry for mud pumps, steam engines and boilers. It made complete oil well drilling installations, known as Granice or Trolii, which were mounted on the drill shaft and consisted of a rotary table with a projection which protected the shaft itself and guided it into the soil; a pulley at the head of the well to move the drill shaft and the hook attached to the drill shaft to give purchase to the pulley; two types of drill shafts either round (heavy weight) or square, both with a central orifice which permitted a double stream of water to enter and leave the bore hole. Drill shafts made by Sovrommetal were all between 12-1/2 and 16 meters long, and were joined end to end until they reached down into the oil strata; mud pumps removed the liquid mud produced by the water pumped into the bore hole through the shafts; steam engines forming part of the Granice supplyed power to the entire installation. These machines were made with either 15 or 25 atmospheres of pressure.

21. Resita had been required, under the terms of the Soviet-Rumanian armistice, to supply the USSR with a number of locomotives, but in May 1951 only a small number remained to be sent before the agreement expired in July 1952. As the Rumanian railroads were sufficiently supplied, it was decided to switch over to the production

50X1-HUM

of compressors and steam engines. Production totaled about 3,000 to 4,000 tons per month, including two complete drilling installations (this was the planned production, and as normally achieved, though it required a relatively great effort); five or six steam engines; 10 to 12 mud pumps, and 14 heavy drill shafts and eight to ten square shafts, despite the difficulties involved in the production of the steel required for this purpose.

22. The locomotive factory consisted of a boiler works and an assembly hall. The former made steam boilers for locomotives and rimmed steel plates for locomotives from the malleable steel produced by the sheet steel train. It also made boilers for the steam engines required for the well drilling installations, and shaped steel plates for the entire metallurgical industry in Rumania. In the assembly hall the boilers made by Hala Veche and other parts made by Hala Noua (New Hall) were assembled and the locomotives built. The locomotives were of the following types:

a. CFR (Rumanian Railroads) Series 50,000 for freight trains with a speed of 60 to 70 km. p. h.

b. CFR Series 142,000 for passenger trains, with a speed of 110 km. p. h.

c. CFR Series 150,000 for passenger and freight trains, speed 100 to 110 km. p. h. This was a German model which was first produced during World War II.

d. Er 0-5-0-URSS, weighing 108 tons with its tender, and with a speed of 80 km. p. h. This was the Soviet model produced under the armistice contract, and was similar to the Rumanian 50,000 model except that its tender was smaller by about 25 to 30 cu/m. and the mechanism was simpler so that it could be handled by drivers of only modest skill.

e. Engines for small trucks, to run on 9 mm. and 13 mm. tracks.

23. The Hala Noua (New Hall) factory was built in 1943/44 and has the most modern equipment of the entire Sovrommetal group. Its machinery included ordinary and vertical lathes, planes and Sairs (imported from the U. S.) for the manufacture of toothed gear wheels. The factory produced parts for locomotives, including pistons, connecting rods and fly wheels and sleeves for the joining of the drilling shafts which joined the sections and damped the shocks caused by the actual drilling. They were of two types, with and without a spigot, the two being used alternately. They were made of a special steel known as SAE 3140, production having begun only in October 1950. There were two kinds of sleeves, "Full-hall" and "Regular," [redacted] unable to describe the difference between them. Also produced were fish-tail and other drill-bits (the former were manufactured in accordance with an [redacted] patent) for oil installations. Toothed gear wheels were built here for various purposes. These were made only by Sovrommetal, and where obtained there by the 23 August factory for its Duplex pumps. In addition, testing frames for all types of machinery and precision parts for machinery were made. Actual production was 1,350 shaft sleeves per month.

50X1-HUM

50X1-HUM

24. The "Hall X" factory made the thin pipes through which the oil was pumped up from the wells, and the sleeves needed to connect the separate sections of pipe. These connecting sleeves were quite different in design to those used for the drilling shafts. Production was 70,000 sections of pipe, with sleeves, per year. There were never any complaints if production dropped off so that it is assumed that this figure was sufficient.

25. The tool factory of Sovrommetal was re-equipped with [redacted] 50X1-HUM
[redacted] lathes and planes of all types in 1949/50 and made 50X1-HUM
almost all of the tools required by the Sovrommetal production units. It specialized in hydraulic and coal cutting hammers, and also made drill bits, files and roller bearings. The fire-brick kilns using Rumanian raw materials, produced enough fire-brick for all the Sovrommetal furnaces, rolling mills and laboratories, and also supplied other Rumanian industries. The laboratories were physical-chemical and thermo-electric. Sovrommetal had several power stations, the largest of which was at Anina, 36 km. from Resita itself. This produced 12,000 KW. Sovrommetal owned railroad sidings with its own engines and cars to connect all parts of the works, and also to link Resita with the subsidiaries to Bocsa, Vasiova, Anina, Valiuc and Ocnele de Fier.

26. The Sovrommetal company owned the agricultural machinery factory at Bocsa Romana which made ploughs, excavators, harrows (simple and multiple), shovels, axes, other agricultural equipment and horse-shoes, the latter mainly for the Army. It also controlled the chemical factory at Vasiova which made naphthalene, tar and a substance called Catran which was used to coat the outside of fishing vessels and the cables of escalators and the Anina factory which made nails, screws, bolts and spikes.

27. Iron ore from the Ocnele de Fier mines was used, but in addition, ore was formerly imported from Yugoslavia with 80 per cent iron content, and scrap iron [redacted] As neither 50X1-HUM
of these sources is now available, ore is imported from Crivoirog, in the USSR. In addition, ore from the Ocnele Mari mines near Borsa was used, but had an iron content of only 50 per cent and had to be mixed with better quality ore for smelting. Reserves of 80,000 cu/m. of this ore have been collected since 1948. Coke production from Anina was insufficient, and coal was being imported from Poland. Small quantities of chromium, molybdenum, wolfram and nickel were required for iron and steel production, and these had always been imported [redacted]
Deposits of molybdenite had been found at Vatra Dornei by Isem, 50X1-HUM
a State prospecting organization, but only in small quantities.

28. All production figures given above for single production units are theoretical capacity figures; the figures below are actual production figures. In the table below March 1944 is used as the starting point as production was then at a maximum.

Product.	March 1944	January 1945	June 1948 (nationalization) (tons)	Production in tons per month. 1950	1951
Steel	25-30,000				20,000
Rolled goods	20-22,000	3,000	9-10,000	11-12,000	15-16,000

29. In January 1945 production of rolled goods dropped very sharply. An accurate figure is not known. This was due partly to the war, partly to Soviet interference at Resita, and partly also to Communist agitation among the labor force at Resita which was then privately owned. In June 1948 when nationalization took place, the position had improved somewhat, though Soviet and Communist interference continued. Production in 1950 and 1951 indicates that despite all efforts to boost it, the 1944 production figures had not been equaled. This was due entirely to the workers' lack of interest because they had to fulfill impossible norms and did not earn enough to live decently. Bad working conditions were also causing a good deal of sabotage. The 1951 steel production was distributed among Sovrommetal branches as follows: 15,000 to 16,000 tons to the rolling mills, 2,000 tons to the forging department, and 2,000 to 3,000 tons to the foundry. This included steel used for foundry rejects which went to the rolling mills after being recast, and were known as the "stock tampon" reserves. Production of metallurgical goods was 4,000 tons per month in 1950.

30. A decisive change took place with regard to the destination of the Sovrommetal products in July 1951, when a large proportion of its products began to be used in Rumania itself. Up to 1950 about 96 per cent of the production had been sent to the USSR, under the Armistice Agreement, and from then until July 1951 a large part had still gone to the USSR.

31. According to the Armistice Agreement signed on September 12, 1944, Rumania was to pay the USSR 300 million dollars in goods, at the 1938 price level. Payments were to be spread over six years. In July 1949, when most of the debts had been paid, half of the remaining sum was written off, and the period of payment extended to eight years, expiring on July 12, 1952.

32. Resita had sent the following goods to the USSR under the Armistice treaty:

a. 168 locomotives of the Er 0-5-0 type,

b. 6,200 pairs of wheels for railroad cars,

c. 3,600 tons of railroad switches during 1945 and less in each following year. Each complete switch weighed four and one-half tons.

d. railroad bridges, 55 and 87.6 m. span, during the second year of the agreement, and two in the subsequent years,

e. swing bridges, each with a motor and auxiliary equipment,

f. equipment for oil wells, including mud pumps, steam engines, block and tackle pulleys, drilling sets, drilling and pumping shafts, fishtail drill bits, rotary tables, and boilers with 15 and 25 atmospheres pressure, as well as about 12,000 drill shaft sleeves between October 1950 and July 1, 1951.

In May 1951 Sovrommetal still owed the USSR under the treaty, 23 locomotives and 103 railroad switches.

50X1-HUM

33. Three locomotives of the Er 0-5-0 type, 30,000 sections of pipe for the withdrawal of oil from the wells, three steam engines, and four mud pumps were exported to the USSR up to July 1, 1951. Four mud pumps were sent to Hungary. Despite the requirements of the Armistice Agreement, Sovrommetal continued to supply finished and semi-finished products from the rolling mills, forge and steel foundry to other metallurgical works, which in turn also were working for the Soviets. The industries supplied included the naval shipyards at Turnu Severin, Galati and Oltenia, which received propeller shafts and steel plates for the building of fishing vessels for delivery to the USSR (these were in reality small, fast corvettes). Sovrommetal continued to supply the Rumanian railroads with all their requirements. The facilities of the forge and boiler factory continued to be available to other metallurgical works. Since July 1951 most of the oil-drilling equipment was sold to Sovrompetrol by agreement with the Soviets, who were anxious that this company should increase the number of its wells on Rumanian territory.

34. In 1950 the Sovrommetal turnover was twelve and a half million lei. Profits for the year were 49 per cent on the nominal capital. Turnover between January 1, 1951 and May 1951 was one million four hundred thousand lei per month. The Soviet policy was to extract the maximum amount of money from Sovrommetal. This was demonstrated by the fraudulent cost system, with the aid of which the excess profits were obtained. The only goods to which this did not apply were the locomotives sent to the USSR, for which only 18,366,000 lei were charged, a good deal less than cost price. Normally, all the metallurgical sections maintained stocks of raw materials for all purposes, as the iron and steel works could only operate their furnaces for full batches of metal. Small quantities of any special material could not be obtained when required, but had to be taken when it was available. Despite this the Soviet general manager in July 1950 began to sell the entire stocks of raw materials at a value of over a 1,000 million lei. Although patent fees are no longer payable in Rumania, sums due for German patents used by Sovrommetal were paid periodically into a special Soviet account.

35. [redacted] very large investments were planned for Sovrommetal under the Five-Year Plan [redacted] following details: 50X1-HUM 50X1-HUM

a. A factory for bridges and structural metal was begun at Bocsa Romana in 1948, and was due to be completed in 1952. The similar factory at Resita itself had proved too small for requirements.

b. The following factory units were being built at Mociuri, between Calnic and Resita, in May 1951:

(1) A new forge on a much larger scale than any existing in Rumania. [redacted] it was not known from where the equipment was to come, but it certainly could not be the USSR if silence was maintained on the subject. He suspected the equipment might be coming from the West. 50X1-HUM

(2) A new electric power station, as the existing supply was not sufficient. The new station was to receive its machinery from the dismantled power station at Valea Sadului, near Targu-Jiu. It was to produce 10,000 KW.

(3) The Barzava River near Mociuri was being straightened and new roads were being built in the area.

(4) A new and larger dam was being built at Valiuc to overcome the water shortage at Resita, particularly during drought periods.

(5) A total of seven billion lei was allocated for investments in 1951.

36. The 23 August factory made 50-ton freight trucks of the "Boghiuri" type, with two pairs of wheels to each of their two axles. The Steagul Rosu factory made three types of freight cars for the USSR. They were general freight, oil tanker cars, and cars for alcohol. The latter was a new model specially ordered by the USSR as part of the last commercial agreement.

37. A large blast furnace was being built at Hunedoara with materials made by Sovrommetal. This was to have been ready by November 7, 1951, but it is not now expected to be finished before early in 1953. The new blast furnace is needed to compensate for the shortage of scrap iron for steel production. New rolling mills are planned for a site somewhere near the Danube.

38. There were only two works in Rumania which could make steel and iron sheets as thin as four mm. These were Otelul Rosu (formerly Ferdinand,) and the Matei Basarab works at Galati. Oil drilling equipment in the Moreni region is supplied with power by a central steam power system, so that no individual steam engines are needed. 50X1-HUM

39. The Soviets claimed to have electrified their oil drilling apparatus by means of a system similar to that used in the United States, but they continued to import the steam engines for oil installations made by Sovrommetal. The Isem prospecting company, while looking for oil in the Harlau region, discovered a number of methane gas wells, and possibly oil, at Deleni. The preliminary bore-hole was closed up again pending development.

PERSONALITIES

Name	Office
a. Marosin	General Manager
b. Eduard Miculic	Assistant General Manager
c. Claudiu Stefanescu	Chief Engineer
d. Stoian	In charge of sales and supplies, sections of Commercial department.
e. Adolf Cotlar	Technical Department
f. Sorentin Efstate	Technical Department
g. Smirnof	Chief Accountant
h. Ilie Pasca	Assistant Chief Accountant.
i. Alexandru Ivancenco	Assistant General Manager (Metallurgy).
j. Ilin	Assistant General Manager (Steel & Iron)
k. Virac	Assistant General Manager (Administration).
l. Vucu	Chief Accountant
m. Varo	Bridge Factory
n. Sauer	Tool Factory