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SECURITY INFORMATION

INFORMATION REPORT

REPORT

CD NO.

COUNTRY East Germany

DATE DISTR. 29 September 1952

SUBJECT Critical Financial Condition of Zeiss-Jena Works

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DATE OF INFO.

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NO. OF ENCLS. (LISTED BELOW)

PLACE ACQUIRED

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SUPPLEMENT TO REPORT NO.

[Redacted area]

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THIS IS UNEVALUATED INFORMATION

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1. Since 1951, the financial position of the Zeiss works in Jena has deteriorated to such an extent that it can be called almost hopeless at the present time. The directors called the top personnel of the plant to a confidential meeting at the beginning of July. They explained that the financial situation seemed to them extremely critical. It was pointed out that outside help was needed to tide the works over its present crisis and that the firm could only stave off disaster if its accumulated stocks of goods could be converted quickly into cash. Examples of the situation were cited: on days, in the recent past, there had been insufficient cash on hand to pay the fees of business mail; the plant has been obliged to seek small loans from private sources in order to meet its most pressing obligations.
 2. This situation is attributed to the following:
 - a. An accumulation of products which do not sell. The plant now has a stock of finished and semi-finished goods totalling about 20 million DM (East). Never before in its history has Zeiss had such an inventory of products. Some of the products are: precision measuring devices, double-angle prisms, magnifying lenses, screw gauges, thread measuring wire, thermometers, coincidence levels, timing devices, Abbe refractometers, sugar refractometers, measuring devices for refraction, photo objectives.
 - b. Difficulties in the procurement of raw materials which have caused delays in delivery of products to customers in the people's democracies. These delays have occurred so often and to such a degree that customers in the East have lost confidence in the ability of Zeiss to deliver at all. Deliveries have been held up by lack of material or by the delayed arrival of material in insufficient quantities. Zeiss has, in the past, been obliged to reimburse customers with considerable sums for failure to deliver on the stipulated delivery dates.

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- c. The fact that deliveries to West Germany and the Western countries have stopped almost entirely. This is due to East-West trade restrictions and to the fact that Zeiss-Opton in West Germany has reached the stage where it is in active competition in many respects with Zeiss-Jena.
 - d. Competition from other sources.¹
 - e. The defection of a large number of top ranking specialists to the West which has impaired the efficiency of the plant.
 - f. The draft of first-class workmen into the Volkspolizei which has further reduced the efficiency of the plant.
3. In order to meet the emergency, Zeiss has sent out salesmen in East Germany and to Eastern countries. These representatives are to offer products directly to customers. In addition Zeiss has forwarded a detailed report on its difficulties to the East German Government and has, in return, obtained small emergency loans from the government.
4. Since the middle of July 1952, several official commissions have visited the works; these inspections are continuing. About 25 July the plant was notified that several ranking persons of the East German Government planned to make a tour of inspection.

25X1  Comment: Although the competitive sources were not mentioned in the meeting, it was evident that Russia was meant as the chief competitor among Eastern countries.

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