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- 1. When the Rumanian government commenced the nationalization of industrial enterprises in June 1947, the Soviets possessed 30 percent of the Resita capital stock. They came into this possession from two different sources: 18 percent was German property which they took over and 12 percent was taken from the Rumanians (Ausnit) as compensation for the 168,000 tons of scrap iron Resita bought from the German conquerors in the USSR during the war.<sup>1</sup> As the Soviets had hardly profited from the funds paid the German exploiting concern in the USSR, they felt justified in seeking indemnification for their loss.
- 2. Shortly after acquiring control of 30 percent of the capital stock, the Soviets sent Engineer Serghenco to share the management of Resita with the Rumanian director, Carol Loncear.<sup>2</sup> Serghenco was a very valuable technician who specialized in matters concerning the metallurgy of iron. He remained at Resita until August 1949.<sup>3</sup>
- 3. In order for Resita to be integrated into Sovrom it had first to be nationalized, for the Soviets who desired integration, but controlled only 30 percent of the capital stock, did not have a majority on the administrative council, and the Rumanian majority was opposed to integration. The Rumanian government, sympathetic to the USSR, had to acquire control of the stock through nationalization to render the Soviet plan feasible, and [ ] this idea was advanced at Resita during September-October 1949.<sup>4</sup> In January 1950 after the treaties between the USSR and Rumania had been signed, a mixed Rumanian-Soviet commission was created to evaluate the installations at Resita and determine the initial

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Soviet contribution.

4. In the period between nationalization and integration Resita had operated as a member of the Organization of Metallurgical Enterprises of the Rumanian Republic. This organization, the CIS, was under the jurisdiction of the Ministry of Industry. During this interim period the director general of Resita was Popetz and the firm had its own management which received instructions from CIS. Popetz was with the general management in Bucharest while Loncear and Serghenco were directors at the factory. On 1 January 1950 Resita was released from the control of CIS and reinstated as an independent enterprise with a representative in Bucharest. This situation continued until 15 June 1950 when the Resita Sovrom was created by decree.
5. In August 1950 Serghenco was replaced by another Soviet engineer named Iacob Simonenko who was scheduled to play a leading role in the Rumanian metallurgical industry.
6. In 1947 the Soviet engineer Vasiliev, former chief of Soviet deliveries to Rumania, had been coopted for membership in the administration council of Resita. In January 1950 he was made president of the mixed commission (Rumanian-Soviet) which was established for the purpose of assessing Resita. [redacted] he acted as Moscow's confidence man and was eventually recalled to the USSR [redacted] [redacted]
7. The negotiations of the mixed commission lasted six months. The representative of the Rumanian Government was Popetz. He was assisted by Engineer Alex Ioancenco, Engineer Ovidiu Micula, Engineer Marec, Engineer Marcel Grossman, and Engineer Liteanu, all of whom were in Resita's employ. The Soviet representatives wished to undervalue Resita's capital so as to minimize the contribution they would have to make. Different modifications in the composition of the commission were imposed after the departure of Vasiliev and Popetz. Ultimately, the Soviet share in the firm was not determined by the commission, but in the course of negotiations between the two governments. The commission continued to confer after the official creation of Sovrom thus demonstrating that its labors were more of a symbolic than a real nature.
8. After the creation of Sovrom the Soviets were reluctant to recognize former debts contracted by Resita, wishing to direct creditors to the former heads of Resita or the Rumanian state. On the other hand, all the credits of Resita have been recognized and taken into account by Sovrommetal.
9. An insight into Rumanian-Soviet cooperation is afforded by the example of a rolling mill which was taken from Resita in 1946 for importation to the USSR. The authority for this removal was the reparations agreement between the two countries. Engineer Vasiliev, who was then the director of services and deliveries to the USSR, estimated the piece of equipment to be worth 350,000 dollars, which was to be paid to Resita by the Rumanian nation. The Resita people appraised the mill at a much higher price. Because of the conflict, the figure was not settled on when Sovrom was created. When the Rumanian element of the mixed commission attempted to set down the loss of this mill in the inventory of Resita, the Soviets refused. After the creation of Sovrom, Engineer Vasiliev, now director of Resita, requested 650,000 dollars from the Ministry of Finances to replace the mill.

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- 25X1 1. [redacted] Comment. [redacted] the amount of stock the Soviets took from Ausnit in compensation for the scrap iron was 15 percent, making a total of 33 percent owned by the USSR. 25X1
- 25X1 2. [redacted] Comment. [redacted] Serghenco was technical manager. 25X1
- 25X1 3. [redacted] Comment. [redacted] Serghenco was replaced in April 1948 by Iancu Petre Simonenco. 25X1
- 25X1 4. [redacted] Comment. We are advised in another report [redacted] [redacted] that Resita was nationalized on 11 June 1948. 25X1
- 25X1 5. [redacted] Comment. [redacted] Resita was detached from CIS on 1 January 1949 and that Sovrommetal, embracing Resita, was established in July 1949. 25X1
- 25X1 6. [redacted] Comment. [redacted] Vasiliev's return to the USSR occurred after the creation of Sovrommetal. 25X1

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