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The attached GDR Government Handbooks are sent to you for retention. Part XVIII covers the Ministry of Foreign Trade and Internal German Trade; Change List No. 12 covers the German Central Trade Agencies; and Change List No. 13 covers the new Main Department for Vocational Training in the Land Governments.

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GDR GOVERNMENT HANDBOOK

CHANGE LIST No. 12

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Reorganization of the DHZ:

(See GER Government Handbook, Part X, p. 11)

1. The German Central Trade Agencies (Deutsche Handelszentrale - DHZ), heretofore controlled by the State Secretary for Material Procurement, have been reorganized as follows:

a. DHZ Chemistry (Chemie) into the following:

- (1) DHZ Chemistry
- (2) DHZ Household Chemistry (Haushaltchemie)
- (3) DHZ Rubber and Asbestos (Gummi und Asbest)
- (4) DHZ Pharmacy and Hospital Supplies (Pharmazie und Krankenhausbedarf)

b. DHZ Non-metallic Minerals (Steine und Erde) into the following:

- (1) DHZ Constructional Materials (Baustoffe)
- (2) DHZ Glass and Ceramics (Glas und Keramik)

c. DHZ Electrical Engineering and Precision and Optical Instruments

(Elektrotechnik und Feinmechanik-Optik) into the following:

- (1) DHZ Electrical Engineering (Elektrotechnik)
- (2) DHZ Precision and Optical Instruments (Feinmechanik-Optik)

d. DHZ Wood (Holz) into the following:

- (1) DHZ Raw Wood and Sawn Timber (Rohholz und Schnittholz)
- (2) DHZ Furniture and Wood Products (Möbel und Holzwaren)

e. DHZ Cellulose and Paper (Zellstoff und Papier) into the following:

- (1) DHZ Cellulose and Paper
- (2) DHZ Cultural Goods and Office Supplies (Kulturwaren und Bürobedarf)

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- f. DHZ Textiles (Textil) into the following:
 - (1) DHZ Textiles
 - (2) DHZ Industrial Textiles (Industrietextilien)
 - (3) DHZ Hardware (Kurzwaren)

- g. DHZ Internal Reserves (Innere Reserven) into the following:
 - (1) DHZ Scrap (Altstoffe)
 - (2) DHZ Industrial Supplies (Industriebedarf)^{1/}

The various DHZs, including several that were not reorganized, have been placed under the control of ministries and state secretariats as follows:

- a. Ministry of Smelting and Ore Mining (Ministerium fuer Huettenwesen und Erzbergbau):
 - (1) DHZ Metallurgy (Metallurgie)

- b. Ministry of Machine Construction (Ministerium fuer Maschinenbau):
 - (1) DHZ Machine and Vehicle Construction (Maschinen- und Fahrzeugbau)
 - (2) DHZ Electrical Engineering
 - (3) DHZ Precision and Optical Instruments

- c. Ministry of Light Industry (Ministerium fuer Leichtindustrie):
 - (1) DHZ Cellulose and Paper
 - (2) DHZ Cultural Goods and Office Supplies

^{1/} Includes second-hand machines and salvageable iron.

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- (3) DHZ Textiles
- (4) DHZ Industrial Textiles
- (5) DHZ Hardware
- (6) DHZ Leather (Leder)
- (7) DHZ Furniture and Wooden Wares
- d. Ministry of Agriculture and Forestry (Ministerium fuer Land- und Forstwirtschaft):
 - (1) DHZ Seed (Saatgut)
 - (2) DHZ Raw Wood and Sawn Timber
- e. Ministry of Public Health (Ministerium fuer Gesundheitswesen):
 - (1) DHZ Pharmacy and Hospital Supplies
- f. State Secretariat for Material Procurement (Staatssekretariat fuer Materialversorgung):
 - (1) DHZ Fuel and Mineral Oil (Kraftstoffe und Mineraloel)
 - (2) DHZ Scrap
 - (3) DHZ Industrial Supplies
- g. State Secretariat for Coal and Power (Staatssekretariat fuer Kohle und Energie):
 - (1) DHZ Coal (Kohle)
- h. State Secretariat for Chemistry and Non-metallic Minerals (Staatssekretariat fuer Chemie, Steine und Erden):
 - (1) DHZ Chemistry
 - (2) DHZ Household Chemistry
 - (3) DHZ Rubber and Asbestos
 - (4) DHZ Constructional Material
 - (5) DHZ Glass and Ceramics

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i. State Secretariat for the Food and Beverages Industry (Staatssekretariat fuer Nahrungs- und Genussmittelindustrie):

(1) DMZ Food (Lebensmittel)

2. All DMZs except Seed and Food are directed by the State Secretariat for Material Procurement in the following matters:

- a. The implementation of distribution plans;
- b. Methods and principles of circulation of goods for the nationalized wholesale trade agencies on the basis of proposals of the competent ministries;
- c. Cooperation between the DMZs and other related organizations.

The State Secretariat is also responsible for supplying the DMZs with performance and development plans for wholesale trade and the supervision of their fulfillment.

The actual direction of the sales and marketing activities of the DMZs is in the hands of the competent ministries or state secretariats.

Principal Source: GER Gesetzblatt, 15 December 1951, p. 1145

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New Main Department for Vocational Training in the Land Governments:

(See GDR Handbook, Part XVI, page 10)

A new Main Department for Vocational Training has been established in the Ministry of Economics and Labor of each Land of the GDR to replace a similar but smaller body. This main department receives its instructions from the GDR State Secretariat for Vocational Training, except for administrative and internal matters which are a ministerial affair. It has the following departments:

a) The Planning Department develops training plans for young skilled workers in local nationalized and private industries and for vocational schools, including cadre requirements, investments and procurement; supervises the implementation of its directives; recruits and supervises youths in the factories; and compiles statistical data.

b) The Department for Advanced Training of Cadres supervises the Kreise in the higher education of teachers, pedagogical instructors, school directors and other personnel; directs and controls certain courses in training institutes; implements plans for cadre development issued by the GDR State Secretariat for Vocational Training; and organizes special courses in the Land. It also supervises the recruitment and organization of new cadres; nominates outstanding personnel for employment with the State Secretariat for Vocational Training; directs higher education in advanced schools; and develops new specialized institutes at important points.

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c) The Department for Political, Cultural and Physical Education supervises and controls courses in these fields in vocational schools; develops contests; concerns itself with the health of apprentices; and collaborates with the FDJ Landesvorstand, Land sport committee and government agencies.

d) The Department for Vocational Training in Schools supervises and controls the activities of vocational schools, apprentice workshops, training combines and homes for youths, and cooperates with the Ministry of Agriculture and Forestry concerning the courses under its supervision.

e) The Examinations Section, directly under the main department chief, is responsible for supervision and control of vocational examinations, and directs and confirms the activities of Land examining committees.

f) The Section for Private Industry and Artisans is directly under the main department chief. It collaborates with the Chambers of Trade and Industry and Handicrafts of the Land, and is responsible for vocational training in private enterprises and of artisans.

g) The Section for Inspection of Vocational Training handles schools and other institutes and notifies other departments concerning corrective actions required after inspection.

h) The Budget Section, directly under the main department chief, handles all budget matters of the main department, pays teachers of factory and communal vocational schools of the Land, and controls the distribution of funds to the various institutes.

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PART XVIII

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Ministry of Foreign Trade and Internal German Trade
(GDR Government Handbook, Part XVIII)

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Ministry of Foreign Trade and Internal German Trade

(GDR Government Handbook, Part XVIII)

I. BackgroundA. Control of foreign trade by the SMA, 1945 - 47:

Under the Potsdam Agreement of August 1945, control over Germany's foreign trade was reserved to the Control Council of the four occupying powers. For two years (1945 to 1947) the Soviets retained complete control over trade relations between their zone and the outside world, including Western Germany. During this period German administrative offices for handling foreign trade and commercial trading companies were set up in several of the Soviet Zone Laender, but their activities were at all times subject to the approval of the Administration for Foreign Trade of the Soviet Military Administration (SMA). No German administrative office for the foreign trade of the zone as a whole existed until 1947. The first post-war trade agreement between the Soviet Zone and Czechoslovakia, for example, signed on March 27, 1947, was negotiated on the German side by the SMA.

Soviet doctrine has always regarded the state monopoly of foreign trade as one of the "commanding heights", in an economic sense, which must be controlled at all costs. As part of the new Soviet empire, the Soviet Zone of Germany became subject to this basic principle of communist economics. Only when a reliable, native communist administration was in existence could control of foreign trade be delegated, and then only sparingly. Another factor making for caution was Soviet reluctance to take the

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decisive step in making final the split of Germany. To set up an administration for foreign trade of the Soviet Zone was to admit that four-power control of Germany had broken down. The Soviets therefore moved slowly in assigning administrative responsibility to Germans in this field. As late as spring 1947 the only central East German body dealing with foreign trade was a department of the Central Administration for Trade and Procurement.

B. The German Administration for Foreign Trade, 1947 - 49:

Two factors probably contributed to the Soviet decision at this time to go a step further: the partial revival of East German industry, and the growing efficiency of the administrative bodies set up to supervise foreign trade in the Laender of the Soviet Zone, particularly Saxony. It was necessary to bring these under central control, and accordingly, by an SMA order dated June 4, 1947, there was created the German Administration for Interzonal and Foreign Trade (Deutsche Verwaltung fuer Interzonen- und Aussenhandel)^{1/} With regard to the SMA, the new body's functions were at first strictly advisory, as an aid in the preparation of foreign trade agreements.^{2/} Its control of the Land agencies was defined by an administrative order of December 6, 1947, which called for the formation of such bodies in all Laender of the Soviet Zone.

As chief of the Administration the Soviets chose Josef Orlopp, who had been a Socialist and trade-union official in pre-Nazi

^{1/} SMA order No. 138

^{2/} Defined by an order of September 18, 1947 (ZVOBl, pp. 34-35)

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Germany, an SED member since 1946, and an administrative employee in Berlin since the war. Orlopp has continued up until the present to occupy a prominent position in the administration of Soviet Zone trade with Western Germany. (See further section II. C. below)

In March 1948 the Administration for Interzonal and Foreign Trade was incorporated into the newly formed German Economic Commission (DEK) as a main administration (Hauptverwaltung fuer Interzonen- und Aussenhandel, abbreviated HVIA). Orlopp continued as chief.

Gradually, as a network of trade agreements was build up, the Soviets turned an increasing degree of control of foreign trade over to the Main Administration. An SMA order in 1948 authorized HVIA to issue its own permits for the export of goods up to \$20,000 in value, and a subsequent order established a similar but lower limit for the subordinate land offices.

To assist HVIA there was set up in 1948 the German Trade Corporation Berlin (Deutsche Handelsgesellschaft Berlin m.b.H., abbreviated DEG) which was authorized to conclude barter deals and negotiate trade contracts within the limits established by HVIA. Most of the detailed negotiations of foreign trade were handled by DEG, which for this purpose was broken down into sections for the different branches of industry. From these there were formed, in July 1949, the so-called DAHA's (an abbreviation for Deutsche Aussenhandel, Anstalt oeffentlichen Rechts -- German Foreign Trade,

1/ SMA orders 8/48 and 93/48

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Public Corporation) which continued to negotiate most of the Soviet Zone's foreign trade deals up until their reformation in September 1951. (for further discussion of the functions of DAHA and their successor DIA, see below, section III. A.)

C. The Foreign Trade Ministry, October 1949 - June 1951:

When the GDR "provisional regime" was set up in October 1949, two of the DWK's Main Administrations, those for Interzonal and Foreign Trade and for Material Supply, were combined into the Ministry for Internal German and Foreign Trade and Material Supply.^{1/} The original title of the Ministry omitted "Innerdeutsch" (GBL 1949, p. 2); since it is clear that it inherited responsibility for interzonal trade from HVIA, the change in name, decided on at a cabinet meeting on October 20 and made official by an act dated November 11 (GBL 1949, p. 61), probably reflected no organic change, but a political desire to emphasize German unity in words.

The foreign trade ministry was put under Georg Handke (SED), who had been associated since 1945 with the Central Administration for Trade and Procurement (handling the Soviet Zone's internal trade), and its successor in the DWK. Orlopp continued in charge of interzonal trade as a main department chief. State secretary of the new ministry was a non-communist, Hans Paul Ganter-Gilman of the CDU, who since 1948 had been chief of the Main Administration for Trade and Supply in the DWK.

^{1/} Ministerium fuer Innerdeutschen- und Aussenhandel und Materialversorgung (abbreviated MIAM)

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The association of the material procurement functions with the foreign trade ministry was an illogical arrangement which was changed in the governmental reorganization of November 1950, when a separate State Secretariat for Material Procurement Commission was set up and attached to the State Planning Commission. The Chief of this body, ever since its original establishment as a Central Administration in 1948, has been Erwin Kerber (SED).^{1/}

A further reorganization of the ministry took place in April 1951, resulting in the present set-up, which is described below. The ministry occupies three floors of the former Nazi Ministry of Aviation building at Leipzigerstrasse 5 - 7, Berlin-Mitte.

II. Organisation and Functions^{2/}

A. The Minister, Georg Handke (SED), is one of the surviving veterans of the early communist movement in Germany, having joined the Spartakus Bund in 1917 and the KPD at its inception in 1919. During the Weimar period he edited a communist paper, the Arbeiterzeitung, in Western Germany. He spent nearly the whole of the Nazi period in concentration camps. After a brief period immediately after the war as mayor of Zwickau, he was given a post by the Soviets in the Central Administration for Trade and Supply, of which he became president in 1947. He has been associated with the foreign trade administration of the Soviet Zone ever since,

^{1/} The State Secretariat for Procurement is covered in Part X of the GDR Government Handbook, The State Planning Commission, pp. 9-10.

^{2/} See Tab A for organization chart, Tab B for list of identified personnel.

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first as a member of the secretariat of the German Economic Commission (DWK), and since 1949 as minister in the GDR cabinet. His technical qualifications for the job, however, are slight, and his chief claim to a position of such importance appears to be his long record of communist membership, together with the fact that he has contrived not to offend the party leaders. His relative unimportance in the party is indicated by his failure to obtain even candidate membership in the party Central Committee at the third party congress in July 1950. He is often sent on state visits, however, including those for the negotiation of foreign trade agreements.

B. Administrative Offices:

The ministry has the standard Personnel and Schooling Departments, the latter broken down into sections for Inspection and Protocol. In addition there is a department for Traffic (Verkehr) and one for General Administration.

C. State Secretaries:

The ministry has three state secretaries and an authorized representative for international trade with the equivalent rank of state secretary. This cumbersome structure results from the attempt to reconcile functional and political considerations. At the time of its formation in October 1949, the ministry had only a single state secretary, Hans-Paul Genter-Gilmans, who in effect ran the ministry and negotiated the GDR's foreign trade agreements.

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Ganter-Gilmans, however, in spite of his ability and his willingness to collaborate with the communists, labored under the double handicap of a bourgeois origin and membership in the CDU. A reorganization of the ministry was accordingly made in April 1951 which split up the responsibilities of the state secretary. Kurt Gregor (SED) was brought in from the Ministry of Heavy Industry to serve as Handke's deputy; import and export were each assigned to a single state secretary; and the responsible official for international trade was elevated from the rank of main department chief to that of state secretary. Ganter-Gilmans received the position of State Secretary for imports, and in the absence of a qualified replacement, also filled the position of State Secretary for exports in an acting capacity. Josef Orlopp (SED), a fairly senior functionary (born in 1888) with a socialist background, became Authorized Representative for German Trade, a field in which he had exercised control since 1947.

There have been several recent press references to Paul Baender (SED) in reports of the negotiation of GDR foreign trade agreements. Baender's official position is that of State Secretary in the Ministry of Trade and Supply, but it may be that he is being shifted to take over some of Ganter-Gilman's former responsibilities.

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D. Main Departments:^{1/}

Under the deputy minister are three main departments: Administration of Foreign Currencies and Finance, Trade Policy, and Planning. Their functions are not known in detail but can be inferred with reasonable certainty.

The Main Department for the Administration of Foreign Currencies and Finance presumably keeps statistical records of the payments made or received in connection with the GDR's foreign trade.

Chief of the Main Department for Trade Policy is Lore Staimer (SED), who owes her position more to family influence than to ability -- her father is GDR president Wilhelm Pieck, and her husband is an NVA commander. The function of the main department is believed to be the drafting of trade agreements between the GDR and foreign countries. For this purpose it is broken down along geographical lines. The relative size of the departments gives some idea of the relative volume of GDR foreign trade, actual or potential. Thus the largest department deals with communist China, followed by the USSR; a single department deals with Poland and Czechoslovakia, the GDR's next largest customers, while a single department handles all other Soviet satellites and another deals with all non-communist countries. The function of the Department for Market Reports and Prices is presumably to study and report world prices of commodities in which the GDR is interested.

^{1/} The subordination of main departments to the various state secretaries is not known in detail but is believed to be as described.

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The Main Department for Planning has a single subordinate department for Coordination, Accounting, and Industrial Planning. Over-all planning of the GDR's foreign trade is not within the scope of this body, nor of the ministry as a whole; the basic decisions are taken by the Soviets and embodied in the long-term Soviet-GDR trade agreement, to which all other trade relations of the GDR must be keyed.^{1/} The GDR State Planning Commission has a Department for Foreign Trade in its Main Department for Planning of Goods Circulation, and it is logical to assume that this body has the power of control over the corresponding main department in the foreign trade ministry.

The Main Department for Planning, nevertheless, has extensive functions in connection with the actual execution of the export plan as established by higher agencies. These functions are carried out through the foreign trade contracting agencies, known as DIA.^{2/} Specific import and export plans covering a single branch of industry, e.g. chemistry, are drawn up by the appropriate DIA and submitted to the Main Department for Planning for revision and approval.

The Main Department for Import, presumably subordinated to the state secretary for imports,^{3/} is broken down into departments for Planning and Finance, Heavy Industry and Machine Building, and

^{1/} A list of GDR trade agreements is given at Tab C

^{2/} See below, section III. A. for the organization and function of DIA, and Tab D for a list of the DIA's

^{3/} The state secretaries for import and export are officially designated merely "State Secretary".

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Light Industry. It controls imports to the legally authorized importers of the Soviet Zone, preparing data on their requirements and supervising their imports.

The Main Department for Export, presumably under the state secretary for exports, is somewhat larger in scope and personnel strength, with a department each for Heavy and Machine Building Industry and a separate Department for Advertising and Fairs. The latter supervises the chief GDR industrial exhibition, the annual Leipzig fair, now a nationalized enterprise (VEB). It is significant of the role of the GDR in Soviet economic policies as a whole that the major emphasis, both in import and export, is on industrial products, particularly those of the heavy and machine building industries.

Under the Authorized Representative for Internal German Trade (Bevollmaechtigter fuer den innerdeutschen Handel) is a single Main Department for Internal German Trade, with departments for Planning and Finance, Purchasing, and Sales, and an Office for German Trade located in Western Germany. This office, with branches in Frankfurt/Hoechst, Duesseldorf and Hamburg, acts as purchasing agent for the GDR in the Federal Republic.

E. Attached bodies:

1. The Office for Control of Goods Traffic:

Loosely attached to the ministry is the Office for Control of Goods Traffic (Amt fuer Kontrolle des Warenverkehrs, abbreviated AKW), under Anton Rah (SED). The Office is located at Luisenstrasse 46,

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Berlin W. 7. It was originally set up in April 1951, on the basis of what had previously been a main department of the foreign trade ministry. The purpose of detaching it from the ministry was probably to increase its flexibility as an instrument of political policy, since the chief function of the Office is control of inter-zonal trade and the prevention of unauthorized smuggling and illegal trade, particularly through Berlin.

In September 1951 the AKW Berlin office was reorganized, and plans were laid for a great expansion in personnel and equipment.^{1/} New control points and offices along the Soviet Sector border were to be set up, manned partly by AKW personnel and partly by members of the BVdVP (uniformed police). The need to have only politically reliable communists working in the Berlin office, however (an indication of AKW's importance in communist policy), delayed the process of finding the necessary bodies, especially since a jurisdictional dispute developed among the SED, the FDGB, and the Soviet Sector Magistrat.

It was planned to make some employees of the AKW available for operative assignments by transferring to the Economics Department of the Soviet Sector Magistrat the section dealing with trade permits for export goods crossing zonal boundaries.^{2/} This section (the

^{1/} The Berlin office of the AKW appears to be only a part, although certainly the major part, of AKW itself. References to AKW, however, frequently mean the Berlin office.

^{2/} See Part XVII of the GDR Government Handbook for a description of the Soviet Sector Magistrat.

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Warenbegleitscheinstelle, known also as the Transitstelle or the Transitgenehmigungsstelle) receives and forwards to the Soviets for validation the transit permits, or Warenbegleitscheine, required by the Soviets for all goods crossing the Soviet Zone. The transfer of the section to the Soviet Sector Magistrat was delayed by the failure of the Magistrat to carry out the action, and the section may still be attached to the AKW Berlin office. In any case, the policy followed by the Transit Permit Section in regard to validating transit permits is set not by the section itself but by the SED leaders with the approval of the Soviets, so that the actual subordination of the section has little effect on its policies.

2. Foreign Trade School:

To train foreign trade administrators the ministry recently set up a school at Plessow in Brandenburg. The first two-year course, which began on November 27, 1951, is being attended by about 70 students.

III. Associated organizations:

A. Deutsche Innen- und Aussenhandel (DIA):

Contracting for the GDR's foreign trade, within the framework of policies and trade agreements set by the ministry, is handled by a group of state-owned corporations known as Deutsche Innen- und Aussenhandel (DIA)^{1/} These bodies were set up in August-

1/ A list of the DIA's is given at Tab D.

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September 1951 on the basis of the existing organizations for foreign trade contracts, known as DAHA^{1/}.

Supplementing DAHA for trade contracts with Western Germany was the Gesellschaft fuer innerdeutschen Handel (GIDH - Company for Internal German Trade), located at Behrenstrasse 46, Berlin. GIDH had the same functions with regard to Western Germany which DAHA had for the rest of the GDR's trade partners. It was abolished on September 1, 1951, and its functions transferred to the newly set-up DIA. In effect, therefore, DIA is the old DAHA plus the inter-zonal trade functions formerly handled by GIDH.

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C. German Office for Ocean Shipping:

On September 27, 1951 the German Office for Ocean Shipping (Deutsche Kontor fuer Seefrachten) was established in Berlin under the Ministry of Foreign Trade and Internal German Trade, for the purpose of organizing the GDR's ocean-going trade.^{2/} The Office is to establish branches in the GDR and abroad and employ the services of foreign shipping agents and brokers. It will be concerned with negotiations for the use of foreign shipping facilities and arrangements connected with the planned East German merchant fleet.

Under the GDR Five-Year Plan a total of twenty-two ocean-going ships are to be built between 1951 and 1955, of which two are to be

^{1/} See R & A No. 59 for a study of the China Export Corporation.

^{2/} GBI 1951, p. 877

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completed in 1952, six in 1953, seven in 1954, and seven in 1955. Reliable reports indicate that no work on ocean-going vessels was planned for 1951, and it is believed that the GDR has no such vessels at present.

IV. Operational patterns:

The process of planning, executing and supervising the GDR's foreign trade is handled by a complicated network of governmental and industrial agencies. Some idea of the complexity of the problems involved and of the methods used to attack them can be gained from the study of a foreign trade conference held in the GDR recently. This conference took place in the offices of the GDR State Planning Commission, with Heinrich Rau, chairman of the Commission, as conference chairman. Also present were two representatives of the Main Administration for Soviet Property in Germany, part of the Soviet Control Commission; the minister (Handke) and state secretary (Gregor) of the foreign trade ministry; Gerhart Ziller, Minister for Machine Construction; Dr. Wilhelm Feldmann, Minister of Light Industry; Erwin Kerber, State Secretary for Material Procurement; Professor Juergen Kuczynski of the German Economics Institute (DWI); and a translator and a stenographer. On the agenda of the conference were two topics: a report by Gregor on fulfillment of the 1951 foreign trade plan, and a report by Professor Kuczynski on problems of pricing.

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Gregor's report dealt chiefly with the GDR's unsatisfactory foreign trade position. As of October 31 the 1951 foreign trade plan for export had been only 74% fulfilled, that for import 81%. As a result the GDR's unfavorable trade balance with the "democratic" states stood at 186 million rubles. This situation had been brought about by delay in originally concluding foreign trade contracts with the plants; by the fact that it had not been possible to place export orders, amounting to 200 million rubles, with the nationalized and Soviet-owned plants (VEB's and SAG's) as a result of shortcomings in the contracting administration; and by bad administrative work on the part of the foreign trade ministry and the contracting corporations (DIA's). Gregor was unable to give a detailed report on export plan fulfillment by type of commodities, since the necessary statistical data had not yet been prepared by DIA.

Rau put the blame for export delays on poor liaison between DIA and the plants, since it was the responsibility of the latter to notify the plants when they fell behind schedule. Handke, unwilling to see his organizations take all the blame, mentioned several other causes of failure to maintain the export schedule. Raw material shortages, he pointed out, were an important factor. In the Ministry for Machine Construction, for example, there was a surplus of 62 million Deutsche Marks (East) worth of unsalable products, while the same ministry was 78 million Deutsche Marks (East)

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behind its export schedule. To correct such situations Handke proposed including in future export contracts penalties for non-fulfillment.

Feldmann proposed that a Sales Department (Absatzabteilung) be established in each of the industrial ministries to supervise contract fulfillment. Trofimov, one of the Soviet representatives present, pointed to the complete lack of liaison between DIA and the SAG's, which meant that trade negotiations had to be carried on at the top level of the SAG administration and the trade ministry. The operating procedures of Handke's organization, he said, would have to be completely revised.

Summing up this phase of the discussion, Rau pointed out that solution of the export problem was a prerequisite to an improvement in the import situation. Export, however, depended to a considerable extent on imports, and it was therefore essential that detailed supervision of imports by type and quantity of commodities be maintained.

The following decisions were reached on point one of the agenda:

1. To create a Sales Department in each of the industrial ministries, the T/O's to be drawn up by Gregor, in consultation with the ministers, for submission to Rau.
2. To direct that production managers of the most important exporting firms give top priority to export orders.

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3. To raise the ideological level in the DIA's to a point where every employee feels a personal responsibility for the execution of export contracts.
4. To include in all future trade agreements detailed provision for penalties in case of non-fulfillment.
5. To reorganize statistical reporting on export so that it will be possible to identify specific types and quantities of commodities, and to introduce intermediate dead-lines as a means of checking on performance.
6. To improve liaison between the foreign trade ministry and the export plants.
7. To have the foreign trade ministry prepare and forward to the appropriate industrial ministry each month a list of export contracts in danger of non-fulfillment; to have remedial action taken in the industrial ministries; and to consider the whole matter, including action taken, at a monthly meeting of the Foreign Trade Commission.^{1/}
8. To establish in the State Secretariat for Material Procurement a temporary Group for Key Matters of Export and Import (Gruppe fuer Export- und Import-Schwerpunktfragen).

Professor Kuczynski opened consideration of the second point on the agenda with a report on differentials in the price of 58 different commodities in the GDR and in countries with which it

^{1/} Evidently conferences similar to the one described are held at regular intervals.

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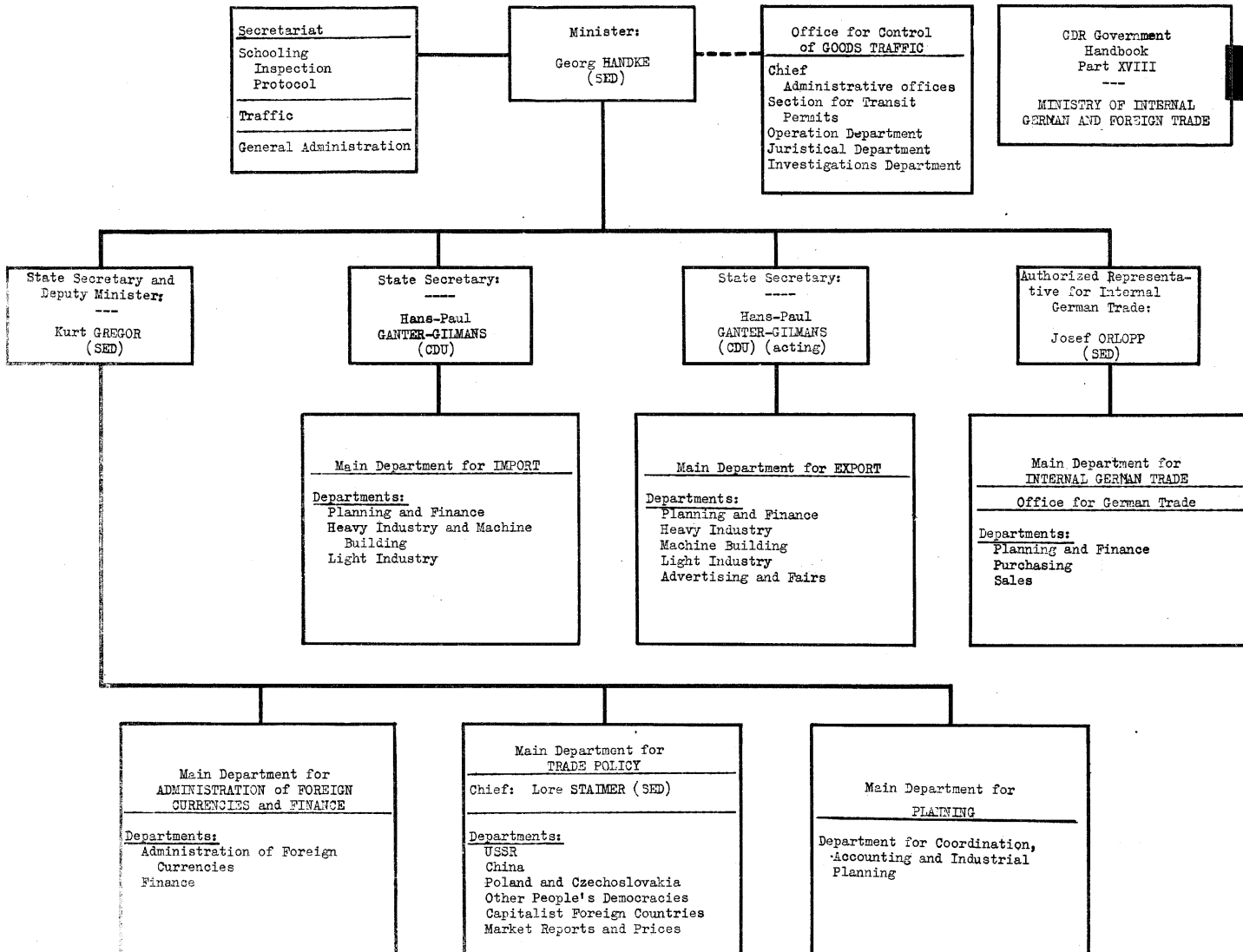
maintained trade relations. Analysis covering the period May - July 1951 of prices in Holland, Austria, Norway and Italy showed that the GDR's export prices were significantly below those of other countries, whereas prices paid by the GDR for imports were often twice as high as elsewhere. The fact that export goods were sold below world prices was an important contributing factor in the need for government subventions to exporters.

This analysis of the price situation was accepted only in part by Gregor, who was probably irritated by Kuczynski's reference to a "certain inexperience" on the part of the GDR's trade organizations. As factors responsible for the phenomenon of export prices below world levels, Gregor mentioned failures to meet delivery schedules, which had a depressing effect on prices; non-recognition, de jure and de facto, of the GDR; and ignorance in the GDR of world prices, caused by the lack of direct contact with major world trade centers.

Rau fully supported Kuczynski's analysis, and directed that the following steps be taken to improve the situation: radio contact with world trade centers is to be established; the foreign trade ministry is to make price analyses of key products, if necessary sending representatives abroad; the work of the German Economic Institute (DWI) in price analysis is to be continued and extended, based on commodity lists prepared by the industrial ministries; and direct contact is to be set up between DWI and the foreign trade ministry.

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Identified Personnel of the Ministry of Foreign and Internal German Trade

Note: HA - Main Department

GANTER-GILMANN, Hans-Paul

Position: State Secretary for imports

[Redacted]

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GREGOR, Kurt (SED)

Position: State Secretary (since April 1951)

[Redacted]

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HANDKE, Georg (SED)

Position: Minister (since October 1949)

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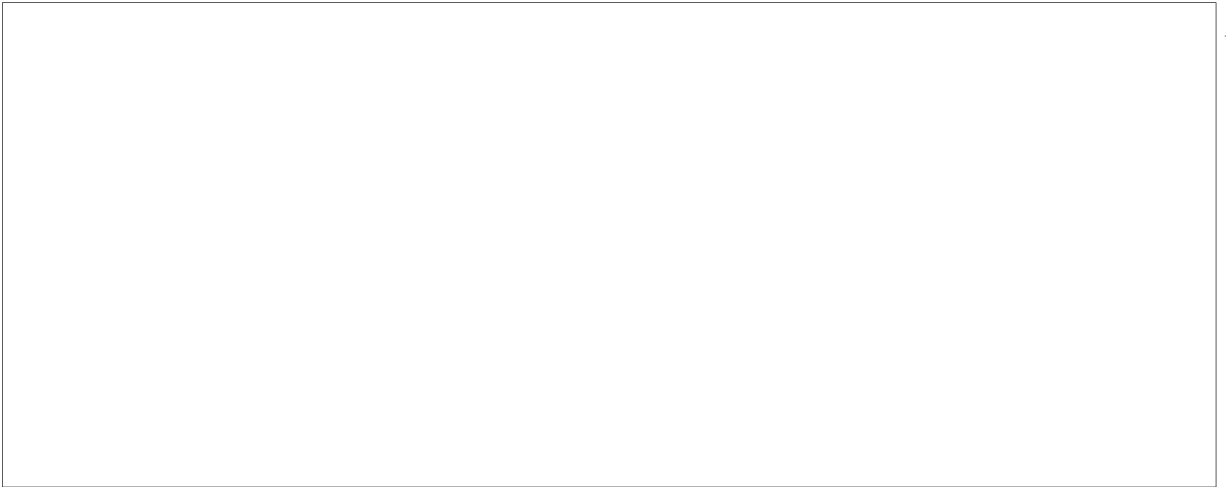
KRAUSE, fnu

Position: Chief, HA Foreign Trade

ORLOPP, Josef (SED)

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Position: Authorized Representative for German Trade



RHODIN, fnu

Position: Chief of Warenverkehrsgesellschaft m.b.H.



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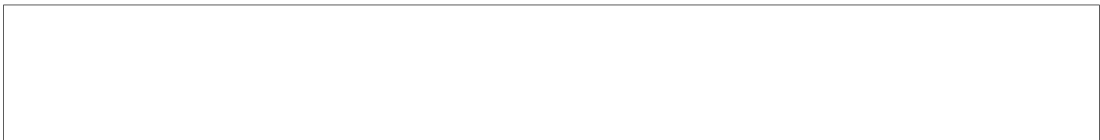
RUH, Anton (SED)

Position: Chief of the Office for Control of Goods Traffic (AKW)

STAIMER, Lore (SED)

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Position: Chief of HA Trade Policy



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INTERNATIONAL TRADE AGREEMENTS WITH THE GDR^{1/}
 (Agreements now in effect indicated by asterisk)

<u>Country</u>	<u>GDR Deliveries</u>	<u>GDR Imports</u>	<u>Remarks</u>
<u>Albania:</u> *March 27, 1951 (five-year agreement)	Machinery	Agricultural products	First GDR long-term agreement
<u>Bulgaria:</u> *May 9, 1951	Machinery Spare parts Chemicals Paper Cardboard boxes Motion picture and photo-graphic materials	Tobacco ores Hides Rice Poultry Fats Fruit	Duration for 1951 only
<u>China:</u> *October 10, 1950	Heavy machinery Other machinery Chemical equipment Precision instruments Optical apparatus Electro-technical equipment	Soya beans Tea Various types of food Textile raw materials Wolfram Antimony and other ores Rape-seed	Remains in effect beyond one year 50X1-HUM
<u>Czechoslovakia:</u> March 27, 1947 July 17, 1948 March 4, 1949 January 9, 1950 June 23, 1950			Concluded by the Foreign Trade Administration of the SMA Extension for 1949
*December 1, 1951	Coal mining equipment Machine tools Optical goods	Shoes Iron and steel Coke Seed and hops	Trade for 1950 subsequently suspended Covering 1952 - 55

^{1/} Long-term agreements are to be negotiated with all satellite countries in the near future.

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<u>Country</u>	<u>GDR Deliveries</u>	<u>GDR Imports</u>	<u>Remarks</u>
<u>Hungary:</u> October 10, 1949 June 25, 1950 March 2, 1951	Finished industrial products Machinery Industrial equipment Precision instruments Optical equipment Chemicals	Raw materials Meat Grains Poultry Other foods Wine Radial boring machines	Trade and payments agreement probably one year's duration
*November 29, 1951	Machinery Electro-technical products Precision instruments Optical equipment Chemicals Fertilizer	Agricultural products Bauxite Diesel motors	Covering the year 1952 50X1-HUM
<u>Poland:</u> February 2, 1946 March 1, 1950 June 6, 1950			

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<u>Country</u>	<u>GDR Deliveries</u>	<u>GDR Imports</u>	<u>Remarks</u>
<u>Poland:</u> May 11, 1951	Machinery Transportation equipment Scientific apparatus and equipment Industrial equipment Precision instruments Optical products Motor vehicles Chemicals Pharmaceuticals Business machines Office equipment Partially finished goods	Hard coal Coke Soft coal Gas Rolling mill products Zinc Fats Meat Game Poultry Eggs Other agricultural and industrial products	Probably one year's duration
November 10, 1951	Machine tools Electrical equipment Precision and optical instruments Fuel Chemicals Fertilizers Machinery Semi-finished products	Coal Coke Zinc Chemicals	1952 - 1955
<u>Romania:</u> November 6, 1950	Products of electro-technical, fine mechanical and optical industries	Wheat Maize Fruit Meat Special woods for musical instruments	

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<u>Country</u>	<u>GDR Deliveries</u>	<u>GDR Imports</u>	<u>Remarks</u>
<u>Rumania:</u> *July 27, 1951	Precision instruments Optical equipment Machinery	Agricultural products Chemicals Raw materials	Expires December 31, 1951
<u>Soviet Union:</u> April 12, 1950 March 16, 1951	Not available	Raw materials Foodstuffs	Duration probably one year
*September 27, 1951	Industrial equipment Machines Optical and fine mechanical products Chemical Porcelain Glass Potash Motors Measuring and testing equipment Television receivers Equipment for the food processing industry Ships	Pig iron Rolling mill products Non-ferrous metals Ferrous alloys Coke Manganese ore Chrome ore Iron ore Technical oils Oil products Asbestos Apatite ores and concentrates Large dredges and forgings Other machines Basic chemicals Wheat Meat Fats Wool Flax Tobacco Tea Cotton	Five-year agreement to be followed by yearly agreements -- the first to be signed December 1951

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List of Foreign Trade Contracting Agencies (DIA - Fachanstalten des deutschen Innen- und Aussenhandels)

<u>Designation</u>	<u>Type of Products</u>	<u>Address</u>	<u>Previous Designation</u>
DIA Bergbau	Mining	Jaegerstr. 54 - 55 Berlin W 8	DAHA Bergbau Chief: Dr. fnu MILDNER
DIA Chemie	Chemical	Dirksenstr. 40 Berlin C 2	DAHA Chemie Chief: Dr. Werner FRITZE
DIA Elektrotechnik	Electro-technical	Mauerstr. 77 Berlin W 8	DAHA Maschinen und Elektrotechnik Chief: fnu THORMANN
DIA Feinwerk-Technik	Precision instruments and optical goods	Schicklerstr. 5 - 7 Berlin C 2	DAHA Feinwerk-Technik und Optik Chief: fnu ADLER
DIA Glas und Keramik	Glass and ceramics	Luisenstr. 61 Berlin NW 7	DAHA Glas und Keramik Chief: fnu KUNST
DIA Holz	Wood	Liebknachtstr. 14 Berlin C 2	DAHA Holz Chief: fnu MUEHLHAUSEN
DIA Kulturwaren	Musical instruments, etc.	Schicklerstr. 5 - 7 Berlin C 2	DAHA Kulturwaren Chief: fnu HOLZER
DIA Maschinenbau	Machinery	Mohrenstr. 60 - 61 Berlin W 8	DAHA Maschinen und Elektrotechnik
DIA Metallurgie	Metallurgical	Luisenstr. 62 - 63 Berlin NW 7	DAHA Metall Chief: fnu NEUMANN
DIA Nahrung	Food and stimulants	Schicklerstr. 5 - 7 Berlin C 2	DAHA Nahrung Chief: fnu RICHTER
DIA Papier und Druck	Paper and printing	Behrenstr. 21 - 22 Berlin W 8	DAHA Papier und Druck Chief: fnu THOMS

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<u>Designation</u>	<u>Type of Products</u>	<u>Address</u>	<u>Previous Designation</u>
DIA Textilien	Textiles	Behrenstr. 46 Berlin W 8	DAHA Textile Chief: Inu KUGLER
DIA Kompensation	Barter deals	Franzoesischestr. 24 Berlin W 8	DAHA Kompensation Chief: Gustav MEYER (SED)

Not included in the list of DIA's as announced on September 1 was an equivalent for DAHA Verkehr, which had been reported to be in the process of dissolution.

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