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OI - FINAL INTERROGATION REPORT (OI-FIR) No 33

THE GERMAN POTASH SYNDICATE

Source: NEUMANN, Erich

Position: General Director,
German Potash Syndicate

NEUMANN, as General Director of the German Potash Syndicate (1942 - 1945), has a good knowledge of the broad affairs of the syndicate as regards sales, overall production, and financial status, but he does not profess to know details of the individual mines as operated by the various concerns which formed the syndicate.

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1. REFERENCES

- a. OI - PIR/12, published by USFTT SIS Center, 11 Oct 45.
- b. Economic Survey of Germany: Section J, "The Chemical Industry", pp. 51 - 56, published by Foreign Office and Ministry of Economic Warfare, Economic Advisory Branch, 10th DOH, Oct 1944.

2. REASON FOR REPORT

This report, because of NEULAMEN's place in the German Potash Syndicate, should be of interest to the agencies concerned with those aspects of German economics, especially agriculture, which involve the use of potash.

3. REPORT: THE GERMAN POTASH SYNDICATE

a. Introduction

The war did not bring about any great change from the pre-war situation in the development of the German potash industry. Production and consumption after the outbreak of hostilities increased but little from the high figures which they had already reached previously. Potash exports which were eliminated by the war played only a small part in the total picture of potash sales. The Alsatian mines and their sales were not part of the German potash set-up. They continued to be operated completely separate. In connection with the international potash loan, the payments of interest and principal to the Western countries became impossible because of the war. In the autumn of 1944 and thereafter, potash consumption decreased because of the ever-increasing disintegration of traffic facilities. Towards the end of the war, production also decreased for the same reason.

b. Production and Demand of German Potash in the Pre-war Years.

Neither the concerns which formed the syndicate nor the syndicate itself experienced any fundamental changes during the transition from peacetime to war. At the end of the war, source states, the syndicate was composed of exactly the same concerns as at the beginning, and their relative share in the enterprise remained the same. Production increased only slowly during the war. The vast majority of production was consumed by German agriculture. Sales to industry played only a minor part. About 0.5 million tons were exported. In the years preceding the war, sales to agriculture as such had shown a considerable increase, especially because under the Four Year Plan the use of fertilizer had been encouraged. In 1937, the price of artificial fertilizer was lowered considerably. When later on intensive measures were taken to increase agricultural production in the occupied territories, a demand for potash was created in quantities which could not be satisfied.

c. Control and Management of the Alsatian Potash Works.

After the German occupation of France, it would have been possible for the German potash industry to take over the Alsatian potash works. However no changes were made in the ownership of the Alsatian potash industry, and this industry was not incorporated into the German Potash Syndicate. Source states, however, that management of the French potash enterprises was taken over by the syndicate. Opposite the Alsatian mines, on the right side of the Rhine river, the Preussag (Preussag Bergwerks-und Huetten A.G.) was engaged in potash production. The mines near Preussag, one of the concerns of the German syndicate, are located in BUGGIRGEN near HULLHEIM. It was therefore, NEULAMEN states, logical to have the Preussag take over the management of the Alsatian potash works. Preussag sent experienced managers to the French mines who initiated measures to further production. This resulted in a steady increase of output. Thus the annual Alsatian potash production rose slowly from less than 600,000 tons K₂O to more than 700,000 tons K₂O. The transfer of management to the Preussag was done by the German chief of civil administration

for Alsace-Lorraine, who later also signed a lease for the mines. Source does not know the exact terms of the lease agreement, but it provided a basis for the considerable investments which Preussag made in the Alsatian potash works and for the investments which at that time it still hoped to make in the future.

The marketing of the Alsatian potash was governed exclusively by the Franco-German potash agreement of pre-war time. For the regulation of sales, the German Potash Syndicate sent one of its men to MULHOUSE as Kommissarischer Verwalter, (commissary administrator) and he worked in conjunction with the French potash concern to apply the whole French market as well as Alsace-Lorraine and Luxembourg. In order to cover the administrative costs, the PARIS concern obtained a considerable sum from MULHOUSE. The marketing in the remaining territories was also regulated according to previous practices, as far as possible, though more favorable transport facilities to marketing areas made it possible to effect some changes. According to source, the entire settlement of accounts, especially of profits for all the French potash mines was done by MULHOUSE in conjunction with PARIS. Source further claims that the entire German administration of the Alsatian potash mines was termed satisfactory by the Parisian potash experts who met from time to time with the German administrators.

d. The International Potash Loan.

NEUMANN states that it had always been the aim of the German Potash Syndicate to respect scrupulously its commitments in the international potash loan of the twenties. However, during the war these endeavors as far as repayment of the loan was concerned met with insurmountable difficulties.

The international loan of the German Potash Syndicate amounted originally to 15 million pounds Sterling, of which seven million pounds were outstanding in 1944. The overwhelming part of this sum has American and British creditors—about 50/50 respectively — and smaller amounts are held by Dutch, Swedish, and Swiss creditors. When Germany introduced its foreign exchange controls, the German Potash Syndicate obtained permission from the Reichsbank to continue the payments of interest and principal on the international loan. These payments, NEUMANN states, were continued to Sweden and Switzerland until the latter part of 1944. The payments to the American and British creditors which, according to agreement, were to be made to the bank of J H Schroeder & Co. in LONDON, became impracticable during the war. Therefore these sums were assembled temporarily at the AMSTERDAM bank of Hope & Co. which had been authorized by J H Schroeder & Co. to collect them. Hope & Co. had the money administered by its subordinate firm, the Continentale Handelsbank in AMSTERDAM. In order to continue amortization of the loan, NEUMANN claims to have subscribed the dollar assets of the Potash Syndicate, which had been frozen in the USA, to this end. The amounts in question are not high, however, and the debt outstanding exceeds them by far. Dutch guilders acquired by the syndicate through continued potash exports to the Netherlands were also applied to amortization of the loan, so that, until the end of 1944, the outstanding instalments of the loan were paid in full to the Continentale Handelsbank or to Hope & Co. respectively. In addition, NEUMANN asserts, sums were laid aside in favor of the creditors in case export profits should not be sufficient. The Continentale Handelsbank was ordered to administer these sums according to the agreements as soon as this should become feasible. Source thinks that this should have taken place by now.

e. Effect of the War on the German Potash Industry.

NEUMANN states that direct damage to the potash industries in Germany was practically nil, but that the complete disruption of German transport facilities by air attacks was responsible for stoppage of potash production. The fact that German potash is mined at subterranean levels gives it good protection from air attacks. However, the German potash economy became a victim of the air war, since the ever increasing disintegration of the railroad nets hamstrung first the marketing and later the production.

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In order to market its output, the German Potash Syndicate loaded daily a total of 1500 railway cars. Starting August 1944 the number of available railway cars decreased steadily and became irregular, and by October 1944 none at all was available for potash transport. This halt in transportation lasted until January 1945 when the transport ban for potash was lifted. But even then the number of cars made available by the railroads was utterly insufficient, so that even from then on satisfactory marketing was all together impossible. Transportation by waterways could not render any real relief because of the winter climate, and also because air attacks had caused too much damage. Small amounts, could be marketed in the immediate vicinity of the potash mines by means of trucks, but extensive distribution could not be effected in this way. All this necessitated that the potash works store their products in nearby storage places, and when these were filled curtailment in production was the result. The first production stoppages occurred in March and probably increased in April. Due to this development, no fertilizers could be distributed to the German farmlands for the 1945 spring planting.

4. COMMENTS AND RECOMMENDATIONS

NEUMANN talked freely and willingly. However, he is not the best source for details concerning the many phases of production, the individual mines which formed the syndicate, and the various refineries which turned out different types of artificial fertilizers and other potash products.

SST: GBT/jk

For the commanding Officer,

Malcolm S. Hilty

MALCOLM S HILTY
Capt, AC
Chief, OI Section

18 Feb 46

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ANNEX I

ORGANIZATIONAL STRUCTURE OF THE GERMAN POTASH INDUSTRY

Source: FRU/APP, Trich

Position: General Director,
 German Potash Syndicate

Reichswirtschaftsministerium Highest authority for all German syndicates.	
Potash Supervision H. L. MITZ	
Reichsgruppe Industrie, Wirtschaftsgruppe Potash Generaldirektor HINZELIN	Reichsstelle für Kali und Salz, BERLIN, ZIGLER Bergstr. a.D. W. NICK Fixes production and marketing figures for potash. German Kali Syndicate G.m.B.H. BERLIN S. 11, Dossauerstrasse 22/31 Generaldirektor NOLLMANN Geheimrat PRATZEL, Direktor GABRIEL, Direktor THOMAS
Fachgruppe Kali, BERLIN (Bergassessor a.D. FRIEDL) In charge of supplies for potash industry, manpower questions.	I. Salos: Germany (PRATZEL); Europe (GABRIEL); Overseas (THOMAS) II. General matters (production orders, Land & water transport, Taxes & offices, Finance) III. Agricultural matters (Agricultural research, management of research farms.) IV. By-Products (zur NUTZUNG) (This branch rel- atively new.)
Wintershall A.G., KASSEL VAGGEMING 566 Generaldirektor A. ROSEBOM Direktor WITTMANN, KASSEL Direktor HILL, KERNBERG/THUR	Salzwerkstatt A.G. BERLIN 24 Generaldirektor SPILL, BERLIN Direktor HILLING, BERLIN
Solvay A.G. RAUMBERG a/s 4.5% KLEIN	Kali-chemie BERLIN 2.5% FRIEDL

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APPENDIX II

PERSONALITY LIST

Source: NEUBAUER, Erich

Position: General Director,
German Potash Syn-
dicate.

1. **ALPERS, (fm)** Reichsforstmeister from 1936; succeeding KEDELLS Former lawyer in B.MUNSCHEWIG, old Party member, SS Gruppenfuhrer, member of Luftwaffe, probably killed in action.

slender brown hair fair complexion married
2. **BRUNGMANN, Rudolf** Staatssekretar in the Ministry of Economics Banking official, in the Ministry of Economics under FUNK Left the public service in 1938 because of incurable mental illness

fat brown hair dark complexion married
3. **GABRIEL, Rudolf** Member of the board of the German Potash Syndicate, worked up through the ranks Also headed the export branch Member of the NSDAP

muscular gray hair ruddy complexion wears glasses married
2 children
4. **GRANICH, Friedrich** Professional civil servant, Regierungsreferendar, Regierungsassessor, Landrat, Ministerialrat Since 1942 Ministerial-
direktor of the Four Year Plan Not a member of NSDAP Export
administrator of economic affairs.

born ? slender brown hair fair complexion
5. **KLEINMANN, (fm)** Staatssekretar in the Reichsverkehrsministerium (Ministry of Transportation) Former administrator of the railroads, old member of NSDAP, left the civil service in 1941 and assumed head position at the Mitropa (Mitteleuropaisches Reisebuero) Railroad expert

slender brown hair fair complexion married
6. **LANDFRIED, Fritz** Staatssekretar in the Ministry of Economics Profes-
sional civil servant, studied law with Ministry of Finance in 1933
and with Ministry of Economics in 1938 Member of NSDAP

muscular black hair ruddy complexion brown eyes Pinocnez glasses
single
7. **LANDWEHR, (fm)** Ministerialdirigent in the Ministry of Economics Profes-
sional civil servant, head of the Foreign Exchange branch in the Ministry
of Economics Head of German delegation to regulate German-Bulgarian
economic affairs Arrested in connection with the plot on HITLER'S life,
20 Jul 44 Member of NSDAP

muscular gray hair dark complexion wears glasses

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8. ~~NOBIS~~, ~~Anton~~ Ministerialdirektor in Ministry of Foods. Professional civil servant Head of the production department in the ministry of Foods since prior to 1933 Member of NSDAF
slender black hair pale complexion wears glasses limps married
9. ~~PARCHEMAN~~, (fnu) Ministerialdirektor in the (Reichsforstamt) Professional forester Old member of NSDAP
muscular brown hair ruddy complexion wears glasses
10. ~~PLEIGER~~, Paul General Director of the Reichswerke Hermann Göring Old member of NSDAP, owner of small factory, also head of German coal distribution, and administrator of coal and iron in the occupied territories
stocky brown hair ruddy complexion
11. ~~POSSE~~, Hans Staatssekretär in the Ministry of Economics Professional civil servant, member of NSDAP, headed economic delegation to France, quit public office in 1937 (?)
slender brown hair complexion ? mustache wears glasses married
12. ~~PRENTZEL~~, Alexander Board member of the German Potash Syndicate Formerly Lord Mayor of ~~KOBLENZ~~, Geheimer Regierungsrat in the department of the interior, entered the Potash Syndicate after leaving the civil service (about 20 years ago) Managed the home-marketing of Potash Member of NSDAP.
muscular gray hair ruddy complexion married 2 children
13. ~~SCHELL~~, von, (fnu) General, professional officer, standardized and unified German automobile industry, organized long-distance traffic in the Ministry of Transportation Re-entered the Army during the war
slender brown hair dark complexion married
14. ~~THOMAS~~, Bruno Member of the board of the German Potash Syndicate, worked up through the ranks Also headed the export (overseas) branch
slender brown hair fair complexion married
15. ~~TACNER~~, Josef Price administrator (PreisKommissar) Former teacher, old Party member, Gauleiter of Westphalia and later also of Silesia Appointed administrator of prices under the Four Year plan Devout Catholic, and an outsider within the party Expelled from NSDAP and relieved of his public duties by HITLER
slender blond hair fair complexion grey eyes married

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