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REPORT

[Redacted]

CD NO.

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COUNTRY German Democratic Republic; USSR  
SUBJECT Economic - Foreign trade, iron ore  
Transportation - Rail, water

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SHIPMENT OF IRON ORE FROM USSR TO GDR

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Transport Planning

[Redacted] shipment of ore from Krivoy Rog to the Huettenkombinat Ost (Eastern Metallurgical Combine) in Fuerstenberg/Oder.

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According to the the plan proposal drawn up, the following quantities of iron ore are to be shipped from Krivoy Rog to the Huettenkombinat Ost during the next few years: 1951, 80,000 tons; 1952, 800,000; 1953, 1,300,000; 1954, 1,500,000; and 1955, 1,500,000.

Possible means and routes of transportation are listed below.

Direct Railroad Transport

Krivoy Rog to Fuerstenberg or Krivoy Rog to Kozle (Cosel), Polish Oder port, and from there by ship on the Oder.

The cost of a direct rail route from Krivoy Rog to Fuerstenberg is estimated at 27 Deutsche marks per ton. If the ore is reloaded at a Polish Oder port, the total freight cost, including reloading charges, likewise amounts to 27 Deutsche marks per ton.

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Necessary measures, therefore, include the following:

1. Since ore shipments will probably have to be made by way of Polish rail lines to Nowa Huta and to the Czech foundry under construction, as well as to Fuerstenberg, the Polish Railroad Administration must be contacted to see whether in the second half of 1951, it can take over for the GDR (German Democratic Republic) one train leaving Brest Litovsk in each direction every other day. By 1952, this would be increased to two trains daily, and from 1953 on, to four trains daily.

2. Special, large-capacity railroad cars with automatic unloading devices are most suitable for shipping ore; these are to be provided by the GDR. An estimated 30 million Deutsche marks will be needed to build 600 of these cars. This amount is not included in the investment sum previously planned, because, up to now, it had been assumed that the level of shipments would be considerably lower.

3. Furthermore, the Soviet Railroad Administration must be contacted to learn whether it can provide suitable special cars (wide-gauge), and if the tracks can carry such a load.

#### Combined Rail and Water Transport

Krivoy Rog to Soviet Black Sea port by railroad, Black Sea port to Rumanian Black Sea port by ocean-going vessel, Rumanian Black Sea port to Bratislava by inland waterway, Bratislava to Polish Oder port by rail, and Polish Oder port to Fuerstenberg by inland waterway.

To combined rail-water route over the Danube necessitates four reloadings, bringing the per-ton freight cost up to approximately 50 [60?-illegible] Deutsche marks.

1. Clarification must be obtained from the Soviet Union or from Rumania or Bulgaria as to whether the water transport between the Soviet Black Sea port and the Rumanian Black Sea port can be undertaken. To accomplish this, a loading capacity of 80,000 tons in 1951, 800,000 tons in 1952, 1,300,000 tons in 1953, and 1,500,000 tons from 1954 on would be required on a running basis.

2. Rumania or Czechoslovakia must be contacted to see whether shipping space to Bratislava is always available on the Danube to the extent listed above.

3. Czechoslovakia must be contacted to see whether railroad shipments between Bratislava and the Polish Oder port can be handled. In this case, the GDR would likewise have to provide 600 newly built special cars, requiring 30 million Deutsche marks in investment funds. In considering this transport route, it should be noted that one 150-kilometer stretch of the Danube runs entirely through Yugoslav territory, and that this route, because of political considerations, must be considered as not very reliable. (Since rail and maritime rates for the USSR and the People's Democracies were not available, all freight costs are listed according to standard German rates. It must be expected that actual freight costs will be higher.)

#### Water Transport

Krivoy Rog to Soviet Black Sea port by rail, Soviet Black Sea port to Szczecin by ocean-going vessel, and Szczecin to Fuerstenberg by inland waterway.

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The sea route through the Dardanelles and Gibraltar also involves an uncertain political factor. Cost for sea transport, including rail charges (to the port of departure) and inland navigation charges (from the port of arrival), amounts to about 30 Deutsche marks per ton. For shipment by steamship (figuring on 3½ weeks for a trip) a loading capacity of 6,000 tons would be needed in 1952 and 10,000 tons in 1953. Long-term chartering of ships cannot be guaranteed and would require an estimated 2-2.5 million Deutsche marks in foreign exchange for the 800,000 tons in 1952. It does not seem that these expenditures are justifiable in the long run, so that the purchase of used ships is recommended if the sea route is to be used. The cost of the ship with a 6,000-ton loading capacity, depending on age and condition, amounts to 2.5-3.5 million Deutsche marks. Charter rates and purchase prices are not constant. They change daily and have an upward trend.

None of the three ways mentioned above offers a satisfactory solution to the ore-shipping problem from the long-range viewpoint. As far as this office knows, the Soviet Union and Poland have under consideration a plan for constructing an inland waterway which would connect the Dnepr and the Oder by way of the Bug. This direct inland water route would undoubtedly be the most secure politically and the most favorable from the standpoint of traffic and efficiency.

To avoid making unnecessary investments, it is considered urgently necessary that more detailed data be obtained on the planned course (particularly as to where the canal will meet the Oder), time of completion, and channel depth (which would determine the size of ships to be used). A decision is requested as to whether this question, which substantially affects the above-mentioned transport methods, should be clarified in conferences with the chief of the SEK (Soviet Control Commission), or whether the Transport Planning Section should direct appropriate inquiries to the Soviet or Polish governments through the Ministry for External Affairs. Furthermore, a decision is requested as to which traffic route should be used until the completion of the proposed canal.

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