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INFORMATION ON GDR FOREIGN TRADE,
UP TO FEBRUARY 1954

[Numbers in parentheses refer to appended sources.]

TRADE AGREEMENTS

USSR

The 1954 GDR-USSR trade agreement was signed in Moscow on 13 February 1954. I. G. Kabanov, USSR Minister of Foreign Trade, signed for the USSR, and Kurt Gregor, GDR Minister of Foreign and Intra-German Trade, signed for the GDR.

Because of the cessation of reparations deliveries and the cancellation, on the part of the USSR, of the GDR's indebtedness to the USSR, the quantity of commodities to be exchanged in 1954 is considerably higher than in 1953. It is about three times that exchanged in 1950.

GDR deliveries to the USSR in 1954 will include mining equipment, dressing installations for mining products, installations for the metallurgical industry, cranes, machine tools, woodworking machines, presses and cutters, chemical production equipment, pumps, compressors and fixtures, refrigeration installations, equipment for the construction-materials industry, ships, rail vehicles, electrical equipment, precision and optical instruments, textile machinery, food-processing machinery, machinery for the beverage and tobacco industries; machinery for the cellulose, paper, and printing industries; chemicals, and consumer goods.

The USSR will ship to the GDR in 1954 such foodstuffs as grains, protein feeds, meat, butter, vegetable oils, canned goods, and legumes. The raw materials

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to be delivered to the GDR by the USSR include coal, coke, ores, pig iron, rolling-mill products, ferroalloys, nonferrous metals, precious metals, cotton, wool, other textile raw materials, chemical products, crude petroleum, naphthalene, and pharmaceutical raw materials. The USSR will also send 400 additional harvester combines to the GDR in 1954. (1, 2)

China

On 30 November 1953, a Chinese trade delegation arrived in Berlin to initiate the fourth annual trade negotiations between China and the GDR. Like the agreements of June 1952 and 30 April 1953, this agreement will also be based on the GDR-Chinese trade agreement of 10 October 1950. The agreement of 30 April 1953 provided for an increase of 34 percent in the trade volume, as compared with 1952. On 8 August 1953, a supplementary protocol to this agreement was signed, providing for the exchange of an additional 50 million rubles' worth of commodities.

[The GDR and China signed a 1954 trade agreement in Berlin on 30 March 1954. The agreement provided for a 35 percent increase in the volume of commodities to be traded, as compared with 1953.]

China intends to import 15-19 billion rubles' worth of commodities during the next 2-3 years. Both the GDR and West Germany have an opportunity to share in this trade.

GDR-Chinese trade was at first beset with difficulties. GDR foreign-trade personnel was inexperienced. China was considered a bottomless barrel, willing to accept all types of goods. They failed to realize that specific commodities had a priority in accordance with China's own Five-Year Plan.

Other difficulties arose from the GDR's failure to make deliveries as scheduled. This failure was caused by the fact that the EAs (export orders) were not turned over to the producing enterprises on time, so that they could be integrated into the enterprises' production plans soon enough. The outlook for 1954 is good in this respect. Many contracts for 1954 were concluded at the Peiping and Shanghai industrial exhibitions in 1953 and at the 1953 Leipzig Fair. Others have already been concluded on the basis of the order lists submitted by China.

It would be advantageous if the negotiations [of the annual trade agreements], at least as far as GDR exports are concerned, were carried on in Berlin in future years. This would facilitate closer consultation with producing plants regarding specifications and delivery dates.

The following suggestions will also help to improve trade relations between the GDR and China:

1. DIA (Intra-German and Foreign Trade Enterprise) must be responsible for giving Chinese representatives proper advance notice that the commodities will be ready for shipment at a specific date. Such notification is provided for in the contracts, but it has been given only in about 50 percent of the cases, frequently because the producing plants failed to notify DIA. The Chinese need this notification so that they can make the necessary arrangements for the receipt of the commodities and can charter the necessary cargo ships.

2. DIA must exercise greater control over the packaging of shipments.

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3. DIA must make every effort in its correspondence with China to express itself clearly to avoid unnecessary expenses and delays arising from repeat inquiries and corrections.
4. Complaints about shipments should be satisfied quickly, without awaiting the decision of the arbitration court.
5. Labels on and instructions for machinery exported to China should be in Chinese as well as in German.
6. Catalogues and brochures sent to China are often unsatisfactory. Some are only in German. Others are in German, Russian, French, Spanish, and English; but the specifications are given only in German.(3)

Hungary

On 30 January 1954 the GDR and Hungary signed a "Protocol on Mutual Commodity Deliveries in 1954" in Budapest. Hungary will deliver high-grade foodstuffs and consumer goods, agricultural products, and industrial goods. The GDR will deliver machinery, precision and optical instruments, electrical equipment, products of light industry, and chemicals. The protocol was signed by Hans Paul Ganter-Gilmans, State Secretary in the MAI (Ministry of Foreign and Intra-German Trade) for the GDR and by (fnu) Czimer, an official of the Ministry of Domestic and Foreign Commerce, for Hungary.(4)

Belgium

As a result of negotiations in Brussels during the period 2-8 February 1954, FIB (Federation of Belgian Industries) and DIA [for barter trade] agreed to increase the commodity-quota lists for trade between the GDR and Belgium by 200 million Belgian francs. The agreement, which was signed on 8 February 1954, also provided that trade with the Belgian Congo would be covered by this agreement.(5)

France

The 1954 trade agreement between the GDR and France, concluded on 9 December 1953, will allow an improvement in GDR-French trade relations. The following are the specific advantages of the new trade agreement as compared with that of 4 January 1952:

1. The new trade agreement provides for an exchange of 4,150,000 dollars' worth of commodities, as compared with 2,030,000 dollars' worth in the earlier agreement.
2. The commodity lists of the new agreement include many commodity groups needed for carrying out the New Course.
3. The new agreement provides for 28 commodity groups to be imported into the GDR and for 24 commodity groups to be exported, as compared with 6 and 5 commodity groups, respectively, in the preceding trade agreement. The commodity groups in the 1954 trade agreement include such inclusive groups as chemicals, machinery, and parts.
4. A "miscellaneous" commodity group has been included in the commodity lists.
5. A swing balance has been agreed on [amount not indicated].

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6. Prior delivery by the GDR is no longer required. Instead, the individual contracts concluded under this agreement will establish the terms under which transactions will be carried out.

7. The French have declared themselves willing to meet with GDR representatives in the course of the year to check on the utilization of the commodity lists. Each side has declared itself willing to consult with the other regarding changes in the commodity lists.(6)

GDR IMPORTS

Foodstuffs

During the period 1 July-15 September 1953, the GDR imported 28,000 tons of butter from the USSR. As a result, the total butter imports of the GDR from the USSR for the period 1 January-15 September 1953 amounted to 43,000 tons. During the same period, the GDR imported 435,000 tons of wheat, rye, and oats from the USSR.

The supply of margarine and salad oil has also improved as a result of imports of all types of fats from the USSR, China, and other Orbit countries. During the period 1 January-10 September 1953, 36,000 tons of vegetable oil were imported into the GDR. Of this quantity, 23,700 tons arrived during the third quarter 1953.

Magdeburg will receive 410,000 bottles of Rumanian and Hungarian wines during the fourth quarter 1953. The city will also receive some of the West German wines which were purchased by the GDR at the Leipzig Fair. Of these, seven freight cars loaded with wine have already arrived. Sixty thousand bottles of red wine and 40,000 bottles of Bordeaux white wine have been received from France.(7)

Imports into the GDR from the USSR received at Frankfurt/Oder during the first half of October 1953, included the following:

<u>Item</u>	<u>No of Carloads</u>
Butter	56
Meat and smoked sausage	28
Canned fish	25
Tea	3
High-grade liquors, including 10,000 bottles of champagne	11
Lentils	5
Peas	32
Barley	229
Canned milk and cacao powder	4

Imports from Poland received at Frankfurt/Oder during the same period included the following:

<u>Item</u>	<u>No of Carloads</u>
Poultry	30
Vegetables	80
Brewing barley	64
Eggs, canned fish, canned meat	-- (8)

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During the first 10 days of December 1953, the following import shipments from the USSR arrived at Frankfurt/Oder:

<u>Item</u>	<u>No of Carloads</u>
Butter	131
Vegetable oil	28
Grain	873
Oil seeds	280
Canned fish and legumes	56
Wines, liquors, and chocolates	25

During the same period, the following imports from Poland arrived at Frankfurt/Oder:

<u>Item</u>	<u>No of Carloads</u>
Poultry	49
Canned and fresh fish, eggs, honey, vegetables	47 (9)

Wheat imports of the GDR from the USSR increased during the weeks preceding 9 February 1954. The lighter Tundra arrived in Wismar about 5 February 1954 with 3,000 tons of wheat. The steamer Ryazan, out of Riga, was unloaded at Rostock on 8 February 1954 [presumably it carried wheat]. On 9 February 1954, the motor ship Pyarnu, out of Tallinn, was on its way to Rostock with 1,800 tons of wheat. Altogether, about 15,000 tons of grains, mostly wheat, were unloaded at Rostock during the first weeks of 1954.(10)

During the first 10 days of February 1954, 1,796 carloads of grain and 50 carloads of legumes, canned fish, and vegetables arrived at Frankfurt/Oder from the USSR. During the same period, the GDR imported from other Orbit countries 25 carloads of poultry and fish and five carloads of spices.(11)

Textile Raw Materials

During the first half of October 1953, the USSR delivered to the GDR 1,160 tons of cotton and 310 tons of wool.(8)

During the period 1 October-13 November 1953, the USSR sent 130 carloads of raw wool to the GDR. Of these, 40 carloads were loaded with half-coarse and fine wool. Two thirds of the latter will be sent to the Leipzig Wool-Combing Enterprise, and the rest, to the Schedewitz plant of the Zwickau Worsted Mill and to the Neuhuetten plant of the Rodewich Woolen Mill. After processing in these plants, the wool will be sent to the worsted mills of Thuringen and Sachsen, as well as to cloth and felt factories, for further processing.(12)

During the first 10 days of December 1953, the GDR imported the following textile raw materials from the USSR:

<u>Item</u>	<u>No of Carloads</u>
Cotton (3,000 tons)	260
Flax	24
Cotton fabrics and yarn	90 (9)

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During the first 10 days of February 1954, the GDR imported 5,000 tons of cotton, as well as [unspecified quantities of] yarns, flax tow, and hemp, from the USSR.(11)

Leather and Leather Goods

The Import Branch of the DEZ (German Trade Center) for Leather in Halle received 55,000 pairs of leather shoes from Czechoslovakia during February 1954. During the second quarter 1954, this branch expects to receive ladies' and men's shoes from Austria and ladies' sports shoes and men's slippers from Sweden.(13)

Industrial Products

During the first half of October 1953, the GDR imported 35 ZSP2-type mobile grain dryers from the USSR. Machinery delivered to the GDR by the USSR during this period included 12 rollers for metallurgical enterprises, weighing a total of 165 tons; 5 modern freight elevators for the building industry; 30 tons of nails; and 40 tons of track links for tractors.(8)

GDR EXPORTS

Heavy Machinery

The Karl Liebknecht Heavy Machine Building Enterprise, Magdeburg, is completing the USSR's "friendship order"[a euphemism for reparations order] for five ships' engines.(14)

The VEB (people-owned enterprise) "Erich Weinert" Factory in Magdeburg produces both for export and for domestic use large fittings for industry, such as gate valves of various designs, wedge valves (Keilschieber), double-disk parallel-gate valves, and piston valves for gas, water, steam, and oil. These fittings are being built to supply the needs of the GDR, as well as for export to Orbit and non-Orbit countries. Fittings are exported to Luxembourg, Belgium, India, and Egypt. Hungary has placed orders for more than 11 tons of cast-steel fittings with this factory, which are to be delivered by 30 June 1954. However, the workers of the factory have obligated themselves to deliver the fittings 6 months ahead of schedule.

In October 1953, the Rudisleben Machine Factory resumed production of crystallizers, to be exported to the USSR. Thirty crystallizers have already been delivered, and 40 more are now being completed. The same enterprise is producing oxygen plants for Poland and 50 milk tanks for the USSR.(15)

The 1954 export program of the VEB EKM (VEB for the Construction of Power-Plant Machinery and Motors) Halberstadt Machine Building Factory is 50 percent higher than the 1953 program. The plant plans to export large stationary diesel installations for electric power stations, ships' diesels, and compressors for large gas plants. Negotiations are under way for the delivery of this factory's diesel-electric power stations to non Orbit countries.

In 1953, the VEB Germania Machine Building Factory, Karl-Marx-Stadt, exported 30 percent of its production [of unidentified commodities] to the USSR, Czechoslovakia, Bulgaria, Poland, and Albania. In 1954, 80 percent of the factory's production will be exported. The USSR, Poland, and Albania will receive most of these exports. It is also planned to send a complete fish-meal factory to Brazil.(16)

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The VEB Ernst Thaelmann Machine Building Enterprise, Magdeburg, recently delivered to the USSR the largest rotary cement kiln in the world. This huge machine has a welded steel tube measuring 5 by 4 meters in diameter and 135 meters in length. It is designed to produce 1,200 tons of cement clinker in 24 hours. It requires 450-500 horsepower for operation, and it is estimated that its metal parts alone weigh 900-1,000 tons.(17)

Transportation Machinery

The VEB ABUS (VEB for Equipment for Mines and Heavy Industry) Eberswalde Crane-Building Factory is still working on a number of 1953 export orders for the USSR, Poland, Rumania, and Bulgaria [November 1953]. Among these orders is a bridge crane with cantilever extension, which is to be delivered to Poland.

SAG (Soviet Corporation) Bleichert Transportation Installations Factory, Leipzig, had exceeded its 1953 export plan by 6.4 percent as early as the end of October [1953]. It has further obligated itself to complete an export order for a bridge crane with a 40-meter span before the end of December. This bridge crane is part of the factory's export plan for the first quarter 1954. The factory is now building three bridge cranes and two cable cranes with an 860-meter span width, as well as 20 excavators (Kugelschaufler) and 20 mobile cranes. All of these are to be exported before the end of the year. During the past months [prior to November 1953], cable railways, cable cranes, electric vehicles, as well as excavators (Kugelschaufler) have left the plant for Bulgaria, Hungary, Poland, Czechoslovakia, Rumania, and China.

Two floating cranes were delivered by SAG Bleichert to the Mathias Thesen Shipyard in Wismar to be mounted there. But the work at the shipyard has been progressing very slowly.(14)

The "Ernst Grube" Motor Vehicle Plant in Werdau fulfilled its [1953] export plan on 10 December 1953, when it delivered [to DIA] the last 6-ton trucks for export to China.(18)

Newly designed electric express consists, produced by the Hans Beimler Locomotive Building and Electrical Engineering Works, Hennigsdorf, are being delivered primarily to Warsaw. These consists are capable of a speed of 140 kilometers per hour. This plant also has orders for express train locomotives to be exported to Poland. Electric locomotives for export to China, Czechoslovakia, and Rumania are also on order, as well as several new types of chain-welding machines (Kettenschweissmaschinen), to be exported to the Orbit countries.(19)

Light Industry

The Optima Office-Machine Factory, Erfurt, completed 79 percent of its 1953 export plan for exports to the USSR and Orbit countries by late November 1953. The balance of the export plan is to be completed by 20 December 1953.

During October 1953, the factory shipped a large quantity of typewriters with Chinese characters, which had been developed in this enterprise, to China. A part of a second shipment of such typewriters left the factory in November [1953].

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In October 1953, the factory received an order from the USSR for business machines with Russian characters. The order is to be delivered on 15 December 1953.(20)

The privately owned handicraft firm, Wendt & Kuehne, Gruenhainichen, is re-establishing its old business contacts outside the GDR. At the 1953 Leipzig Fair and at the 1953 St Erik's Fair in Stockholm, it received orders for novelty items and toys from all the Scandinavian countries, England, France, the US, Switzerland, Italy, the Netherlands, and Belgium. It has received an order for a large number of music boxes from Venezuela, and inquiries from other countries in South and Central America and from South Africa. The firm will have its own exhibit at the 1954 Frankfurt [Main] Fair.

The enterprise still has several difficulties in meeting the demand created by this renewed interest in its products in other countries. Mechanisms for the music boxes must be imported from Switzerland at 8 Swiss francs a piece. Although the finished music boxes bring in much more in foreign exchange, the firm has had difficulties in obtaining the necessary foreign exchange for these mechanisms from the DIA. Similarly, the firm has had difficulties in obtaining the foreign exchange for Swiss clock mechanisms, selling at 2 Swiss francs a piece, which are to be installed in handcarved housings designed for children's playrooms. The firm also has difficulties in obtaining credit. DN insists that it first sell its warehouse stock. But the firm must have a large warehouse stock on hand to meet all the demands of the export trade.

Other private enterprises in the Karl-Marx-Stadt area are engaged in producing for export. The furniture-covering and moquette-weaving firm of Cammann and Companie, Karl-Marx-Stadt, has received orders from all over the world. The firm produces damasks, brocade velours, gobelins, and other materials. The products are made with domestically produced staple fiber of the types B and W and with artificial silk. The silk-like luster and other qualities of these new raw materials surpass those of the wool and cotton fibers formerly used. The fastness of the colors also measures up to prewar standards. At the GDR's industrial fair in Cairo, the firm exhibited all color variations, from the finest pastels to the darkest shades. All of the firm's designs come from its own studio and include the styles of all epochs.

Craft organizations in the Karl-Marx-Stadt area are likewise producing for export. On the instigation of the recently organized Export Committee for Textiles in Karl-Marx-Stadt, the Westsachsen Association of Knitters and Small Weaving Shops is now preparing samples for exports. However, the knitting industry has difficulties in obtaining materials needed to fulfill export orders. It has not yet obtained knitting needles, which have been on order from the VVB Textile Administration of People-Owned Enterprises for Machinery for the Textile and Clothing Industry) and the DIA for a considerable time. Likewise cotton, which was to have been received in December 1953 for an export order to be completed during the first quarter 1954, has not yet been received. The Westsachsen Association of Knitters and Small Weaving Shops is exporting staple goods to the USSR and Orbit countries, and is endeavoring to resume an export trade in madras curtains and in cloth fabrics. However, efforts to conclude export agreements at the 1953 Leipzig Fair failed because [the industry and GDR authorities] did not adjust [their prices] sufficiently to world market prices. The excessively low producer prices imposed on the industry, in most cases, the 1944 producer prices, are lower than actual production costs. These low prices stifle the incentive to produce marketable bed linen, twilled cottons, and colored shirt flannels.(21)

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Fifty trainloads of products of the VEB Walter Ulbricht Leuna Works have left the plant during January 1954. The shipments consisted primarily of fertilizer, gasoline, and diesel fuel. The products of this plant were exported to 23 countries in 1953. This number is expected to be increased in 1954.(22)

Seed Industry

The Erfurt [seed industry] is again exporting flower seeds to Luxembourg, Great Britain, Denmark, Poland, and other countries. Vegetable seeds are also being delivered to Great Britain, Poland, Hungary, and Czechoslovakia.

Light Industry

The VEB Special Machine Building Factory, Karl-Marx-Stadt, is the only GDR concern producing machinery for the production of pharmaceuticals. The production program includes machinery for the production of salves, the pressing of pills, etc. Production in 1954 will be raised to 128 percent, as compared with 1953. In 1953, about 30 percent of the production was exported to Czechoslovakia, [North] Korea, Rumania, Poland, Chile, Finland, and Switzerland.(16)

The export association of the cooper trade in the Bezirk Halle has received a Hungarian export order for 3,300 wine barrels, which are to hold 300-500 liters [each].

The Huebsch firm in Seiffen is exporting furniture to the USSR, Italy, and West Germany.

Italy is to receive 200,000 Deutsche marks' worth of toys from the Erzgebirge area in 1954.(21)

INTRA-GERMAN TRADEIntra-German Trade 1952-1953

In 1952, commodity lists were exchanged between the GDR and West Germany. The GDR then promptly began to import commodities from West Germany. But West Germany did not license imports from the GDR until late in 1952. As a result, commodities amounting to 85 million VEs (accounting units), consisting of textiles, precision and optical instruments, paper and printed matter, and chemicals, accumulated awaiting shipment. Thus, in 1952, GDR imports from West Germany amounted to 92 million VEs under subaccounts 2 and 3, while GDR exports to West Germany under these subaccounts amounted only to 55 million VEs.

In consequence of this situation, the GDR had an unfavorable balance of trade with West Germany on 1 January 1953 as follows:

Subaccount 2	37 million VEs
Subaccount 3	2.8 " "
Total	39.8 " "

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During the first 6 months of 1953, the GDR limited its imports from West Germany and thus achieved a complete normalization of trade.

The following is the balance of trade for subaccounts 2 and 3 for the period 1 January-31 October 1953:

Subaccount 2	
Deliveries by the GDR	112.3 million VEs
Deliveries by West Germany	68.8 " "
Balance in favor of the GDR	43.5 " "
Subaccount 3	
Services rendered by the GDR	4 " "
Services rendered by West Germany	18.8 " "
Balance in favor of West Germany	14.8 " "

On 31 October 1953, there was therefore an over-all balance of trade of 28.7 million VEs in favor of the GDR for subaccounts 2 and 3. When this balance is deducted from the unfavorable balance of the GDR on 1 January 1953 (in the amount of 39.8 million VEs), there remains an unfavorable trade balance of the GDR of 11.1 million VEs on 31 October 1953 for subaccounts 2 and 3.

The volume of trade on subaccounts 2 and 3 could have been considerably more extensive. The GDR proposed repeatedly that trade in the following commodity groups be extended as follows:

Decorative porcelain	400,000 VEs
Pot metal glass	250,000 "
Other glassware	250,000 "

An exchange of only 300,000 VEs' worth of these items was authorized, although the disposal [in West Germany] of the full amount was assured through contracts. The GDR further proposed the exchange of 650,000 VEs' worth of toys for office supplies, mostly pencils and pencil lead, in the same value. Altogether, an exchange of 100 million VEs was prevented by West Germany.

The following is the balance of trade for subaccounts 1 and 4 for the period 1 January-31 October 1953:

Subaccount 1	
Deliveries by the GDR	20.9 million VEs
Deliveries by West Germany	35.8 " "
Balance in favor of West Germany	14.9 " "
Subaccount 4	
Deliveries by the GDR	66.3 " "
Deliveries by West Germany	53.3 " "
Balance in favor of the GDR	13 " "

Thus, there is a net balance in favor of West Germany of 1.9 million VEs on subaccounts 1 and 4.

[This would leave a net balance of 13 million VEs in favor of West Germany on all subaccounts on 31 October 1953, as compared with a net balance of 39.8 million VEs in favor of West Germany on accounts 2 and 3 on 1 January 1953.]

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Source does not indicate whether there was any balance either for or against the GDR on subaccounts 1 and 4 on 1 January 1953. The GDR's unfavorable interzonal trade balance amounted to 44.4 million VEs on 30 September 1953. (3)

Committee to Promote Intra-German Trade

At an economic conference held in Berlin on 9 February 1954 at the invitation of the GDR National Council of the National Front, a Committee to Promote Intra-German Trade was organized. It will consist of 15 members from West Germany, 2 from West Berlin, and 10 from the GDR.

More than 600 representatives of the West German and West Berlin economy, as well as of the GDR economy, attended the economic conference. The conference made the following proposals:

1. Expansion of intra-German trade to one billion VEs in each direction, as suggested by the GDR.
2. Acceptance of the proposal of the Magistrat of Greater Berlin [East] for a trade agreement for the two East and West Berlin in the amount of 200 million VEs.
3. Increase of the swing balance of the GDR under subaccount 2 of the interzonal trade agreement from 40 to 60 million VEs.
4. Long-term payment terms for West German deliveries to the GDR such as are granted by the GDR to West German businessmen. [No further details given.]
5. Establishment of permanent offices of the committee, which will give prompt counsel on questions of intra-German trade to those who are interested.
6. Regular consultative evening meetings between DIA and its West German and West Berlin trade partners.
7. Mutual visits of GDR and West German businessmen in the interest of better understanding and closer contact.

In addition, the economic conference made a number of proposals concerning changes in intra-German trade procedure. These included improvement of billing procedures on the part of West Germany and the assembly and delivery of parts by the GDR. Further, West German decrees which make it impossible to exhibit GDR products [bearing trade marks also used in West Germany] at West German fairs must be revoked.

Among those attending the conference were Dr Moser, (fnu), chief of the Gesellschaft fuer Osthandel (Company for Eastern Trade); Duscheck, (fnu), of the Magistrat of Greater Berlin [East]; and Lubbe (fnu), the Hamburg ship owner and shipping firm manager. (23)

Trade Between GDR and West German Consumer Cooperatives

The VDK (Association for German Consumer Cooperatives [GDR]) has proposed to the GEG, Hamburg, that commodities valued at 25-30 million VEs be exchanged in 1954. In the near future, the VDK expects to sell to the GEG (Wholesale Purchasing Company of German Consumer Cooperatives [West Germany]) 3,000 tons of sugar, for which GEG will deliver fats and oils to the VDK. (24)

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A VDK delegation has arrived in Hamburg to negotiate with the GEG for increased purchases by VDK from GEG: VDK proposed that it purchase 25-30 million VEs' worth of commodities. The two parties had agreed at the [1953] Leipzig Fair that the VDK would purchase 1.6 million VEs' worth of fish and fish products from GEG. But the West German government reduced this amount to 400,000 VEs.(25)

The VDK delegation now negotiating with GEG proposed an agreement for the exchange of 32 million VEs' worth of commodities. GEG stated that it required the consent of the West German government for such an agreement, but that it could give a reply within 2 weeks.

It was agreed that a standing commission of the associations of consumer cooperatives in West Germany and the GDR be appointed to deal with all matters of commodity exchanges between the two associations.

To alleviate the current difficulties of the GEG in disposing of fish and fish products, the VDK agreed to purchase immediately 1.1 million VEs' worth of fish and fish products.(11)

Smuggling

Fourteen members of a black-market ring who smuggled large quantities of scrap, nonferrous metals, wood, and paper from East Berlin to West Berlin have been put on trial in East Berlin. The principal accused are Otto Boehler, truck driver, and Paul Uwira, trucking firm owner.

The members of the ring drove trucks through the zonal barrier at high speed, without regard to human life. They removed more than 20 truckloads of materials from East Berlin, which were then sold to Trapp (fnu), West Berlin scrap dealer in Berlin-Kreuzberg.(26)

TRADE POLICY

Increased Trade With Underdeveloped Countries

The GDR is interested in obtaining raw materials directly from the countries in which they originate. It must therefore increase its trade with underdeveloped countries, which, in any case, offer favorable conditions of trade to the GDR.

The demand of these countries for machinery and industrial installations has not been met by non-Orbit countries. The underdeveloped countries must therefore find trade partners willing to buy their traditional export goods and sell to them the capital goods they need to build up their national economy. The GDR is willing to buy cotton, jute, minerals, rubber, fruits, spices, and other products. In return, the GDR will export to countries producing these commodities not only machinery, precision and optical instruments, and industrial installations, but also equipment such as sewing machines, small motors, and various tools, which are needed by the indigenous industries.

These countries can also have a more favorable payment arrangement with Orbit countries than with non-Orbit countries. Such arrangements are contained, for example, in the Soviet and Czechoslovak trade agreements with India.

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If this increased trade between the GDR and underdeveloped countries is to be wholly successful, GDR trade policies must be improved in a number of ways, including the following: (a) the network of GDR trade representatives in these countries must be enlarged, and these representatives should investigate the economic conditions in these countries and become familiar with them; (b) the GDR must not only sell capital goods to these countries, but must also give them technical assistance, and this technical assistance can take such forms as dispatching engineers to assemble machinery sold by the GDR, supplying personnel to instruct the native population in the use and maintenance of these machines, and sending technicians to introduce new processes into the industries of these countries; (c) the GDR must improve its supply of spare parts to the purchasers of its machinery; and (d) the payments arrangements granted by the GDR should be liberalized. This is particularly necessary because the underdeveloped countries are generally short of cash sufficient for large purchases.(27)

TRADE AGENCIES

KfA Field Offices

In spring 1953, the KfA (Chamber of Foreign Trade) organized field offices in the Bezirke where important export industries are located. These field offices were to advise producers on export problems and were to coordinate the export activities within industries and between the state foreign-trade enterprises and industries.

Thus, the field offices arranged for several enterprises to use the same freight car, when each had a less-than-carload export shipment to the same destination. They also managed to locate scarce production materials for enterprises producing for export.

Experience showed that many of the problems brought before the KfA field offices could best be handled on the Bezirk and Kreis levels through the cooperation of producers, foreign-trade enterprises, and the state administration. For this reason, the KfA field offices undertook the organization of export committees for individual industries on a Bezirk level.(28)

Export Committees

Each export committee will consist of representatives of the VEBs and private enterprises in the industry concerned and of a representative from each of the following state administrative and trade agencies: KfA field office, DIA, Department of Foreign Exchange and Finance of the DN (German Bank of Issue), VVB of German Forwarding Enterprises, the planning departments of the competent Bezirk councils, and Deutra [was called Derutra (GDR-Soviet Transportation Company) before it was transferred to GDR ownership on 1 January 1954; it is called Deutra (German Transportation Company) throughout this report, even when the information applies to Derutra]. If necessary, the committees may be enlarged to include representatives of the AZKW (Office for Customs and Control of Commodity Shipments), DEZs, and the State Contracting Agency.(29) Each export committee will have a permanent secretariat located in the offices of the competent KfA field office. Enterprises of an industry located in a Bezirk in which no competent export committee has been organized may contact existing committees for the respective industry through these secretariats.

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The export committees are to have the following tasks:

1. Exploration and opening of new markets.
2. Improved cooperation between producers and foreign-trade enterprises by means of consultation between these enterprises and representatives of an entire branch of industry.
3. Cooperation between producers and DIAs in the preparation of exhibits at foreign-trade fairs.
4. Improved reporting on markets and prices.
5. The elimination of technical obstacles in foreign trade through consultation and cooperation among producers, foreign-trade enterprises, transportation enterprises, banks, and the state administration.(28)

An export committee for precision instruments and optics for the Bezirke Gera, Suhl, and Erfurt was organized in Jena on 24 November 1953. The committee consists of 26 members, of whom 12 represent the VEBs; 7, private industry; and 7, the state agencies.

Dr Gottfried Lessing, president of the KfA, and Grosskopf (fnu), chief of the Jena field office of the KfA, were among the speakers at the organization meeting. Speakers during the discussion pointed out that the industry should have foreign-trade representatives abroad. It was also stated that the assortment and quality of the products of the industry must be improved so that these products will regain their former reputation on the world market.(30)

The following additional export committees have been organized since then:

<u>Committee</u>	<u>Location</u>	<u>Date</u>
Precision instruments and optics	Dresden	December 1953
Ceramics	Erfurt	December 1953
Chemicals	Halle	December 1953
Keyed [musical] instruments	Leipzig	December 1953 (28,31,32)
Glass	Ilmenau	January 1954 (31,32)
Textiles	Karl-Marx-Stadt	19 January 1954
Machine building	Magdeburg	26 January 1954
Essential oils	Leipzig	27 January 1954
Machine building and metal goods	Halle (to be established)	9 February 1954 (31)

The GDR industrial ministries are still underestimating the importance of exports committees. Representatives of the HV (Main Administration) for Precision Instruments and Optics of the Ministry of General Machine Building [this ministry was made part of the Ministry of Machine Building on 21 November 1953] were invited to the organizational meeting of the exports committees for precision instruments and optics in Jena and Dresden, but they did not attend. Likewise, no representative of the HV for Glass and Ceramics attended the organizational meeting of the Export Committee for Ceramics in Erfurt.(32)

The organizational meeting of the export committee for textiles in Karl-Marx-Stadt on 19 January 1954 was attended by representatives of the Ministry

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of Finance, the Ministry of Light Industry, and the MAI. Although such matters were discussed as the financing of exports, a bonus system for exports, investments for the replacement of motor vehicles, and better material supply, the representatives of the ministries failed to participate in the discussion. Apparently, these representatives were nothing more than mere observers for their superiors.(31)

VEB German Sea Freight Office

DKS (German Sea Freight Office), a small office directly under the authority of the MAI, represents the GDR in all matters involving sea transport. Particularly, it supervises the sea transports of GDR imports and exports and seeks the most favorable rates for these shipments. The growing GDR trade with China was the immediate occasion for the organization of the office.

As a result of the GDR's great need for shipping space from China, the Levant countries, and the Black Sea area, the DKS has become an important customer of the world's shipping firms.

The DKS far exceeded its 1953 plan for making shipping space for [imported and exported] mass consumption goods available at the proper time. The DKS also obtained considerable savings for the GDR, particularly in rates payable in foreign exchange. The terms of GDR delivery contracts have often been such that the offices of the DKS could not be used. This condition is likely to continue during 1954.(33)

FOREIGN TRADE PROCEDURES AND CRITICISMS

New Regulations

A new procedure has been established for the dispatch from the GDR of very small export shipments and of free export samples, according to a regulation of 14 November 1953. The new regulation became effective 14 November 1953.

The AZKW has established the customs offices listed below to control international postal shipments. The exporter of such small shipments will enter the name of the appropriate customs office from this list on sheet No 1 of the general export permit. [Presumably such small shipments will be inspected at these customs offices.]

The following customs offices have been established under this regulation:

- Berlin N 3, Oranienburger Strasse 70
- Cottbus, Sandower Hauptstrasse 4
- Dresden A 24, Bayerischestrasse [no number given]
- Erfurt, Mao-Tse-tung-Ring 110

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Gera, Amthorstrasse 11

Halle, Ernst-Kamieth-Strasse [no number given]

Karl-Marx-Stadt, Strasse der Nationen 78

Leipzig C 1, Johannisgasse 7

Ludwigslust, at the railroad station.

Magdeburg, Praelatenstrasse 5-6.(6)

Measures to Fulfill Export Plan

The central production department of the [former] Ministry of General Machine Building has stated that production enterprises must receive export orders at an early date to be able to obtain the necessary raw materials. In 1953, factories received export orders for the most part not before the end of the first quarter or in the second quarter. The specifications in many of these orders were found to be unclear.

The [former] Ministry of General Machine Building, moreover, found it difficult to obtain a clear picture of the export orders on hand in the factories because the marketing department of the ministry and the DIA did not cooperate. DIA was too late in certifying the individual export orders to the ministry. For this reason, the ministry could not compare the export orders reported by the factories and the orders certified by the DIAs on a continuous basis.

The ministry intervened in those enterprises in which the fulfillment of the export plan was threatened. Special working teams were organized, and these overcame the difficulties in most cases.

Other measures were taken by the [former] Ministry of General Machine Building on the basis of the decision of the Council of Ministers of 14 September 1953 regarding the fulfillment of the export plan. The production managers and the marketing departments [of the production enterprises] were directed by the central production department to start production on all export orders. These were to be completed by 21 December 1953. The officials of the production enterprises were to determine and analyze the production status of each of these export orders. On the basis of these surveys, measures were to be taken to speed up and facilitate the production of these items. Exchanges of raw materials between plants were undertaken, and the ministry helped in securing raw materials which were lacking. When an enterprise lacked production capacity, a transfer of the export order to another plant was arranged. The DIAs were informed of needed raw-material imports, which had not yet arrived. A system of priorities was established in consultation between the ministry and the various DIAs.(30)

Criticisms

The export committees [organized in December 1953 and January 1954] made the following suggestions:

1. The voluminous and time-consuming paperwork required under the existing export procedure should be reduced.

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2. The planning system should be more flexible. Planning is insufficiently coordinated and balanced. Production plans must be so elastic that the export contracts concluded by DIA can be fitted into them at a late date.
3. The work of the transportation industry should be improved. Freight cars are often unavailable, and the export commodities are en route too long.
4. The producing enterprises should be informed regularly of market conditions and prices.
5. The producing enterprises should receive foreign technical journals regularly.
6. Imported commodities should be stockpiled to assure steady and even expanded production.
7. The work of DIA should be improved, especially in respect to the following complaints: inquiries are handled too slowly; personnel lack technical knowledge and market information; prices are set without regard to the competition.
8. The producing enterprises should appoint foreign representatives and have direct contact with them.
9. Restrictions on foreign travel by representatives of producing enterprises should be eased.
10. Easier payment terms should be given, particularly in case of goods sold on credit.
11. There should be wider participation in foreign fairs and exhibitions by GDR producers. Exhibitions should be held by individual producers.(32)

H. Gaertitz, an official of the Ministry of Light Industry, stated that cooperation between the MAI and the Ministry of Light Industry has consisted of monthly conferences in which representatives of the DIAs, the marketing department, and the technical departments of the Ministry of Light Industry participated. These conferences have been successful and should be continued. Export orders, completion of which was imperiled, were discussed, and the representatives of the two ministries jointly decided on measures to assure the delivery of these export orders on schedule.

However, these conferences dealt only with export orders completion of which was not assured. It is necessary that the two ministries cooperate to arrange in advance for the production of export orders. To this end, the DIAs must transmit their export orders to the production enterprises at an early date. In addition, the DIAs should conclude an annual general contract with the Ministry of Light Industry for the entire quantity of light-industry products to be exported.

Light industry fulfilled its 1953 production program for export goods by 97 percent on 30 November 1953. It is DIA's fault that it did not export the same quantity of product manufactured by light industry.

The Ministry of Light Industry attributes the following operational faults to the DIAs in their dealings with production enterprises: The DIAs submit their export orders to the production enterprises so late that the latter do not

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have the production capacity in the short time before the end of the year to complete the export orders. Export orders submitted by the DIAs often lack accurate specifications. DIAs fail to furnish the necessary shipping papers once orders have been completed.

An effort is being made to improve cooperation in 1954. Representatives of the Ministry of Light Industry and of the DIA for Textiles are consulting frequently.(28)

GDR industrial enterprises producing for export have complained that they have difficulties because of the following failings in the foreign-trade procedure:

1. There are frequently discrepancies between the provisions of the EA and the EWBS (Export Bill of Lading), particularly respecting the delivery date. If the factory plans its production schedule on the basis of a delivery date given in the EA and subsequently receives the EWBS with an earlier delivery date, it may be placed in a position where it must either incur heavy expenses to deliver the order on time, or it must let the EWBS lapse and incur further delays in obtaining a new one.
2. There are often long delays between the time when the producer is first informed of a pending export order and the time the EA is finally sent to him by the DIA.
3. The EA sometimes does not allow the time necessary for production, as the producer had indicated it on the proforma invoice submitted by him in response to the initial inquiry.
4. In other cases, export orders were produced on receipt of the EA; but no EWBS for them ever arrived. As a result, these commodities stayed in warehouses for months and tied up the operating funds of the enterprise.

It is suggested that the EA and the EWBS be combined into a single form, to be made out on the basis of the producer's proforma invoice, which is the original agreement between producer and [foreign] customer.

GDR foreign trade has also been hurt by delays in the granting of IWBS (Import Bill of Lading) for GDR products returned to the manufacturer for repairs and service. Producers of cameras and X-ray equipment, whose repair service competes with that of foreign producers, have been particularly hurt by these delays.(34)

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