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1. The Hydro-Oxygen Works is located in Budapest, Budafoki ut 72, between the Röck Iron Works and the Frank factory, and opposite the main depot of the firm "Meinl." It is the only plant of any size which produces oxygen and the entire Hungarian heavy industry depends upon its production. Originally the factory was a subsidiary of the Pick-Salamí corporation. Later it came under the administration of the Hungarian Commerce Bank (Magyar Kereskedelmi Bank) and it was nationalized in 1948.

2. After the nationalization the following four small factories were combined with it:

a. Hydro-Oxygen Plant, Győr.

b. Hydro-Oxygen Plant, Miskolc.

c. Hydro-Oxygen Plant, Budapest, Petneházi utca

d. Hydro-Oxygen Plant, Budapest, Pápai István ut.

3. The main product of the factory is oxygen made from liquid air by fractional distillation. The caustic soda required for the cooling process is produced in the factory itself from common salt.

4. The Budapest factory (on Budafoki út) produces:

a. Oxygen: 400,000 cu.m. per month

b. Hydrogen: 50,000 cu.m. per month

c. Nitrogen: 50,000 cu.m. per month

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- d. Caustic Soda: 15,000 kg. per month
- e. Liquid chlorine: 2,000 cu.m. per month
- f. Sodium hypochlorite: 200,000 kg. per month
5. The four small factories each produce only 20,000 to 30,000 cu.m. of oxygen monthly, so that the Miskolc factory is not even able to satisfy the needs of the Diósgyőr Iron Works, which have to obtain considerable additional supplies from Budapest. The Győr factory similarly cannot supply the full needs of the Győr Freight Car Factory.
6. The end-use of the production is as follows:
- a. Oxygen is supplied to all industries, including railroad and shipbuilding concerns.
- b. Hydrogen is a by-product supplied to soap and margarine factories, and to the nitrogen factory at Péter for military purposes. It is not known whether other armament works are also supplied with hydrogen.
- c. Nitrogen is supplied to the Hungarian Electric Bulb Factory (Magyar Izzólámpagyár) and to the Hubert & Sigmund Machine Parts Factory for the tempering of steel.
- d. Caustic soda: Liquid caustic soda is supplied to textile factories in carbons.
- e. Chlorine is supplied to chemical and dye factories, bleaching works, and the textile industry.
- f. Hypochlorite is supplied to the State Wholesale Center for Aniline Dyes (Anilin Festék Nagykereskedés A.V.) which sells it as a cleaning material.
- g. Calcium chloride is supplied to the hospitals.
7. The only basic materials needed are coal for steam and sodium chloride for the production of caustic soda. Coal (small quantities) comes from the "brown coal" mines at Tata and sodium chloride is imported from Rumania.
8. The factory has three trucks which supply the distribution centers in Budapest. Large factories in Budapest and in the provinces send their own vehicles to the factory for supplies.
9. A total of 240 workers are employed in the factory, almost all of whom have worked there for many years. Recently women have been taken on. The average age of the workers is 40 years. Work is done in three eight-hour shifts. There are 50 office employees, who are technicians and clerks. The administrative personnel also works in three shifts.
10. The factory makes all payments through a single State Bank account. There are no agents and no private customers, and all business is transacted by means of credit or debit entries on the account.
11. The machinery is more than 20 years old, and because no spare parts can be obtained from abroad, daily repairs are necessary to the three main installations. The factory has a steam boiler with a heating surface of 45 sq. m. Electricity is supplied by the municipal power station.

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12. The general manager is Bihari (Weiss) (fnu), 45 years old, a former locksmith and Party member from Budapest.
13. Because the factory is of vital importance to Hungarian industry, whose needs it cannot even fully satisfy, the AVH supervises the works meticulously, and police round-ups are frequent. The workers are kept in terror by the AVH, which always suspects sabotage; therefore, every breakdown of a machine is likely to lead to the arrest of workers operating it.
14. In 1950 a new oxygen factory with a larger capacity than the above was built on Megyeri ut, Budapest. All installations were complete except for those for the fractionizing process, which had been ordered from West Germany and paid in barter by foodstuffs. The machinery was sent by a German firm, but it was intercepted and held back by the Americans at the Czech frontier. As a result the factory has been dismantled and it was planned to build another factory at Dunapentele. As the fractionizing installations could not be obtained from West Germany, it was planned to dismantle one of the three installations of the old Budapest works and to take it to the new factory.
15. The following new works and installations in Budapest have been reported:
- a. In 1950 a Research Institute for Heavy and Light Industry was built which is located at the corner of Andor ut and Fehervari utca. The institute is heavily guarded and it is believed that it is also engaged in military work.
 - b. Adjoining the Research Institute there is a building materials factory making cement blocks and wall sections. In addition to regular workers the factory employs about 1,000 young prisoners.
 - c. There is a rope factory between Andor ut and Fehervari utca 4, consisting of large factory buildings which were erected in 1950-1951. The factory is under Soviet control and employs about 2,000 workers. It is believed that it is engaged in defense production.

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