

MV
Nov 9
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HUNGARY
EAST GERMANY

TRADE
Foreign

/3300/
/3305 a/

HUNGARY DECLINES EAST GERMAN BRIQUETTE PRODUCING PLANT.

SOURCE BERLIN: Confidential source.

DATE OF OBSERVATION: Early September 1956.

HUNGARIAN EVALUATION COMMENT: UNCONFIRMED.

GENERAL DESK EVALUATION COMMENT: The Hungarian case is unconfirmed here. The alleged total of 120 million marks¹ worth of contracts refused may be compared with the official total of GDR exports to the East bloc for one year /1955/, viz. 2,089 million marks.

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Early in August, Hungarian authorities canceled an order with East Germany for the construction of a briquette producing plant. The original Hungarian order had been given personally to Heinrich RAU, East German Minister of Exports, during his visit to BUDAPEST last summer.

An East German projecting office worked all during June and July to blueprint the suggested plant. When these blueprints were finally okayed by officials of the East German planning commission, projecting costs had climbed almost 140,000 East Marks beyond the original estimate.

Hungarian experts did not fail to express their regret about the rise in costs; and at the same time they rejected the project the way it was blueprinted.

When East German negotiators in BUDAPEST declared that not only a different method of construction but also renewed blueprinting would make construction costs rise even further, the Hungarians canceled the whole order.

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Source says that since September 30 1955, export construction projects totaling some 120 million East Marks have been canceled by East Bloc countries. He added that this was a minimum figure, since he does not know about all contracts canceled during last year.

End