

ELIMINATION OF GERMAN RESOURCES FOR WAR

HEARINGS
BEFORE A
SUBCOMMITTEE OF THE
COMMITTEE ON MILITARY AFFAIRS
UNITED STATES SENATE
SEVENTY-NINTH CONGRESS

SECOND SESSION

PURSUANT TO

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AND

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AUTHORIZING A STUDY OF WAR
MOBILIZATION PROBLEMS

PART 10

FEBRUARY 1946

I. G. FARBEN EXHIBITS
(To accompany Part 7)

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ELIMINATION OF GERMAN RESOURCES FOR WAR

I. G. FARBEN EXHIBITS

CHAPTER I¹

EXHIBIT No. 1

ESTIMATE OF THE NET VALUE OF THE I. G. FARBENINDUSTRIE AG.

(1) In order to get a true conception of the net value of the I. G. Farbenindustrie AG. it is necessary to be acquainted with their components and their earning power. In this examination all war-bound factors are to be eliminated as far as possible. But on the other hand it would not do to treat such factors, representing measures to cover the requirements for civil consumption—measures which are originating from the efforts to make a full use of raw material sources in the home country—as nonexistent. It will be necessary to examine their importance according to the intentions of the future policy in the economic field when turning to effect the respective established figures.

(2) Characteristical for the production programme of the concern is—

Firstly: That it comprises only a few plants for mechanical fabrication.

Secondly: That a considerable part of the excess capacities erected for pure war requirements is not the property of the firm or at least is covered partially by credits providing a war risk clause and

Thirdly: That the nature of the products of its own plants with very few exceptions is destined to supply the manufacturing industry or the consumers for peace requirements.

(3) The excess capacities for the production of high concentrated nitric acid for explosives were the property of the state owned "Wifo" and were run by I. G. only on lease. There were similar conditions as regards the Ethylene production in Gendorf and the other plants carried on by "Anorgana" on a lease basis. In the field of the D. A. G. Troisdorf according to my knowledge the plants built for own account for war requirements were written down substantially, whereas a far superior number of such plants was not the property of the concern at all but was run by the "Verwertchemie" on lease. Plants for aviation benzine and lubricants of the concern were financed partially by indirect credits of the Reich as well as other plants similar as to the aim of production, as Magnesium and Buna plants. The production of spun rayon was favoured by tax reductions and by the consent of tax authorities to higher amortisation.

(4) In the status of the works of the concern, damages to a larger extent by air raids only occurred from the second half of 1943 onwards. A greater part of them has not yet been restored. The German regulations regarding the refunding of war damages provide the right to claim the restitution of the rebuilding costs which in all cases exceed the book values and which for the time being must be considered at their full value like any other claim founded on a performance of securities acquired in a legal way.

(5) The published balance sheet of a stock company show the net assets, which are existing at all events because their valuation is limited by regulations only as to the maximum valuation admissible but leaving a free hand for undervaluation.

To book hidden reserves under liabilities is not allowed.

The liabilities besides the open reserves can only contain hidden reserves to a certain extent in the items "Rückstellungen" (i. e. amounts set aside for a specific purpose as for instance unsettled pension claims) and "Rechnungsabgrenzungsposten" (i. e. transitory items).

(6) The regulations for the maximum valuation prescribed in the law concerning stock companies based on the principle of prime costs, find a completion in the tax law as regard the lowest limit for valuation.

¹ Exhibits No. 3, 6, 7, 8, 9, 10, 11, 15, 17, 18, 21, 23, 27, 28, 29, 31, 32, 33, 34, 35, 36, 38, 39 are on file with the committee.

But both have in common the line that the prime costs reduced by appropriate amortisations must not be exceeded and that revaluations are not admissible on account of an increase of the value not relying on actual expenses, as for instance the participation in a company on account of undistributed profits or a patent on account of licence contracts.

(7) The published balance sheets of the I. G. are taken from the books. In establishing them, use has been made of the right to form hidden reserves by undervaluating the asset items. These reductions were booked under the denomination "Wertberichtigungen" (value adjustments) because thereby the total figure arrived at by adding up all the single values of the numerous main ledgers, was being adjusted to the figure exhibited in the balance sheet.

These adjustments are split up only for a small part on the individual values which have been totalled up in the said balance sheet position.

(8) According to the official books the net assets of the I. G. are showing the following figures expressed in millions of Reichsmark.

Assets	Dec. 31, 1943	June 30, 1944	Sept. 30, 1944
Real estate and plants.....	1.928	2.055	2.097
Participations.....	783	789	794
Stocks.....	798	868	858
Securities, cash on hand and on bank.....	167	472	493
Accounts receivable and transitory items.....	1.008	1.070	959
	4.684	5.254	5.201
Less:			
Liabilities and transitory positions.....	896	1.328	1.176
Net property.....	3.788	3.926	4.025

exhibit as follows:

Assets	Dec. 31, 1943	June 30, 1944	Sept. 30, 1944
Nominal capital.....	1.400	1.400	1.400
Open reserves.....	444	444	444
Hidden reserves booked.....	1.862	1.832	1.847
Yearly profits.....	¹ 82	² 250	³ 334

¹ After deduction of amounts put in reserve.

² Before deduction of amounts to be put in reserve.

The booked hidden reserves are concerning:

Assets	Dec. 31, 1943	June 30, 1944	Sept. 30, 1944
Plants.....	1.306	1.305	1.320
Participations.....	56	56	56
Stocks.....	411	411	411
Accounts receivable.....	89	60	60
Total.....	1.862	1.832	1.847

These booked hidden reserves are to be completed by hidden reserves which were not passed through the books regarding which the following is to be said:

(9) *Fixed assets (plants and real estates).*—The valuations represent the actual expenses or production costs deducting the yearly depreciations.

These depreciations used to be deducted formerly to their full extent within the year of the first operation of the plants, but from 1941 onwards according to new arrangement with the tax office only half the depreciation was allowed for the first year.

When in the beginning of 1924 the Reichsmark conversion took place, the then existing value of plants, etc., was fixed as being equal to estimated prewar costs although the general price level was then, and with a slow upwards tendency also later on, 50 percent higher and more.

Likewise the landed property was assessed at a corresponding low level, the lignite substance in central Germany being booked with a value of 5 or 6 pfg. p. t. surely contained in the lignite fields.

Repairs even of large dimensions were being accounted for as production costs. The depreciations were effectuated starting from the initial costs for each separate object until same was written off entirely. The rates amounted for work buildings to 3 to 5 percent, for machines and apparatuses in general 10 percent and for such installed in the rayon and spun rayon plants 20 percent.

The relatively quick pace of depreciation had the effect that at the end of 1943 plants of an initial cost expressed in millions of Reichsmark were totally written off as follows:

Buildings and railways.....	329
Machines, apparatuses, and distributing installations.....	737
Other investments.....	102
Total.....	1,168

In this total one may assume to be contained a hidden reserve not evidenced in the books of probably R.M. 250 millions. As a corresponding amount R.M. 200 millions were entered in the declaration for property tax in the year 1940, an amount which would be higher today as meanwhile further amortisations have taken place.

As super value for landed property lignite and coal fields a sum of approximately R.M. 120 millions can be added to the above-mentioned amount.

(10) *Participations*.—The difference existing between the book value of a participation as shown by the I. G. books and its real value, represents a hidden reserve. The greatest difference exists in the case of the I. G. participation in Ammoniakwerk Merseburg G. m. b. H. which is booked with R.M. 262 millions. Compared herewith an asset exists composed as follows:

Capital.....	288
Open reserves.....	80
Open value adjustments.....	133
Booked reserves for participations.....	30
Hidden reserve for participations not evidenced in the books.....	79
Hidden reserve for plants not evidenced in the books.....	90
Total.....	700

Supervalue thus to be deducted.....	438
I. G. preferential shares in order to avoid double counting.....	38

The supervalue therefore amounts to..... 400

As regard the other participations the estimated supervalues amount to in million Reichsmark:

Dynamit Troisdorf.....	90
Rheinische Stahlwerke.....	90
Kalle & Co. AG., Wiesbaden-Biebrich.....	33
Total of all the others perhaps.....	30

Total..... 243

The insurance reserve of the Pallas G. m. b. H. Konzernversicherung, of about R.M. 65 millions has not been taken into consideration in this estimate nor have I considered a supervalue for participations abroad with the exception of the share of Ammoniakwerk Merseburg in the Norsk Hydro, Oslo.

(11.) *Patents*.—The value of the total patents, processes, and trade marks, has been written down in the books to R.M. 1 for memory's sake but in the tax balance sheet this value in negotiations with the Ministry of Finance had to be assessed with R.M. 65 millions. It is not possible to state an actual value for them as long as the conditions for their application are not known.

Considering on the one side the possibility for licences without damaging the own market position and on the other hand the possibilities for an industrial exploitation in the own works and moreover the yearly expenses for research work amounting to more than R.M. 100 millions, it is not exaggerated to estimate the reserve hidden in patent holding with an amount of R.M. 200 millions. Regarding this estimate one has to have well in view that patents and processes are the basis for their own production and that these holdings cannot be sold

without a corresponding compensation to make good for the depreciation which such a sale would entail for the other assets.

(12) *Stocks*.—The finished and semi-finished products are booked at their cost prices. The value of the stocks can be estimated to be R.M. 400 millions. Starting from the assumption that the selling price yields a profit of 20 percent as an average after deducting selling expenses and interest for the time of storing a hidden reserve results from this item to the amount of R.M. 100 millions.

(13) *Securities*.—Compared with the actual cost prices or the written down value with which the securities are evidenced by the books, a supervalue of R.M. 4 millions has been established when making up the status for property tax. This amount too constitutes a hidden reserve.

(14) *Community of interests contracts (Interessengemeinschafts-Verträge)*.—I am of the opinion that the "Interessengemeinschafts-Verträge" with the Riebeckische Montanwerke AG., Halle/Saale can be put down with a value of R.M. 60 millions or more, considering their very substantial lignite fields and the fact that Riebeck was easily in a position to transfer R.M. 6 millions yearly out of their own revenues to the I. G. The supervalue of the net assets compared with the nominal capital according to the official income tax balance sheet of Riebeck amounts to more than 80 millions. I abstain from a similar valuation in the case of Dynamit AG. Troisdorf and Gustav Genschow & Co. AG., Berlin, on account of the productions being of quite a different nature as is the case with Riebeck.

The balance sheets of these firms too contain a hidden reserve in the shape of a supervalue ascertained by comparing the book value with the income tax balance sheet. I have taken into consideration these hidden supervalues in my estimate of the I. G. participation value not considered in their books.

The hidden reserves not entered into the I. G. books I have referred to in the above. I may now summarize in millions of Reichsmark as follows in accordance with the attached survey:

I. G. plants.....	250
Landed property and coal fields.....	120
Participations.....	643
Patents.....	200
Stocks.....	100
Securities.....	4
Interessengemeinschaft contract with Riebeck.....	60
	1, 377
+ Booked net assets.....	4, 025
	5, 402

(16) This property did not participate to its full extent in the turn-over as figured below, i. e. the turn-over of the I. G. itself without its participations. An exception is made with Merseburg, Schkopau and Hülz because their sales are handled by I. G. and are therefore included in I. G.'s turn-over.

This turn-over amounts to in millions of Reichsmark:

	1942	1943	1-3. quarter 1944
Turn-over of the I. G.....	2. 904	3. 116	2. 169
Turn-over of the management companies for I. G.....	100	115	80
Turn-over in accessory business.....	294	482	329
Total.....	3. 298	3. 713	2. 578

With this turn-over completed by other incomes the I. G. in 1943 realised a profit in millions of Reichsmark as follows:

Taxable income.....	539
Tax-free income.....	65
Tax privileged extra amortisations.....	144
Total.....	748

It would go beyond the frame of this report to expose in detail the very intricate tax situation. I therefore quote the above figures only as a clue for the control of the valuation of the assets.

In deducting from this amount the expenses imposed upon it namely:

Income tax.....	297. 0
Levy on profits.....	60. 0
Property tax.....	12. 8
Voluntary contributions.....	6. 2
	376. 0
	376. 0

There remains a balance of..... 372. 0

which amount by being compared with the total net assets is equivalent to a net rent of 7 percent.

This of course does not give an indication as to the rent which these net assets might produce in the changed after-war conditions and it is therefore quite uncertain what value the assets may represent under such circumstances.

The stock-exchange quotation was fixed at about 170 percent after the new valuation of the capital in 1942. But this quotation is no sufficient measure for valuation of the existing net assets, for being influenced by regulations of the government to render difficult if not practically impossible an increase of dividends (Dividendenstop) and further by measures by the supervisor of the stock exchange to keep quotations on a low level.

(17) A more reliable estimate than my figures could be attained if the conditions prevailing for each individual work or enterprise of the concern would be investigated as to its technical conditions as well as the future prospects for production and market possibilities. It would be necessary for such an analysis to work out a programme and then compile the separate items to a complete picture of the actual situation.

The greatest uncertainties for establishing an accurate valuation are to be found in the assessment of the plants and the patents of the I. G. and their participations as well as in the question whether it will be possible to carry through its legitimate claims for the restitution of damages caused by the war and all other claims.

PAUL DENCKER.

FRANKFURT/MAIN, August 22nd, 1945.

Estimated value of I. G. Farbenindustrie Aktiengesellschaft on 30th of September 1944

[Amounts in millions of Reichsmark]

	Booked- value of property	Estimated not booked hidden reserves	Estimated total value
Plants, etc.....	2,097	370	2,467
Patents.....		200	200
Participations.....	794	643	1,437
Stocks.....	858	100	958
Securities, cash and bank.....	493	4	497
Claims and transitory.....	959	60	1,019
Altogether.....	5,201	1,377	6,578
Less liabilities and transitory.....	1,176		1,176
Net value of property.....	4,025	1,377	5,402

EXHIBIT No. 2

DIRECT AND INDIRECT PARTICIPATION OF I. G. FARBENINDUSTRIE A. G. IN GERMANY

KEY TO COLUMN 5

Kind of firm:

- (a) Companies in liquidation.
 (b) Companies not in operation and administrative companies
 1. With landed property.
 2. Without landed property.
 (c) Manufacturing, mining, and transportation companies.
 (d) Sales companies.
 (e) Social enterprises.
 (f) Banks.

Participations of the following I. G. companies:

- L=Dynamit Aktiengesellschaft vorm. Alfred Nobel & Co., Troisdorf Bez. Köln. Status: 31st of December 1943.
 M=Gustav Genschow & Co. Aktiengesellschaft, Berlin. Status: 31st of December 1942.
 N=Deutsche Grube A. G., Halle/Saale. Status: 31st of December 1943.
 O=Riebeck'sche Montanwerke A. C., Halle/Saale—participation through: Rheinische Stahlwerke Essen. Status: 31st of March 1944.
 P=Gesellschaft für Landeskultur G. m. b. H., Halle/Saale—participation through: Ammoniakwerk Merseburg G. m. b. H. Status: 30th of June 1942.
 Q=Deutsche Gasolin-Aktiengesellschaft, Berlin. Status: 31st of December 1943.
 R=Chemische Werke Hüls G. m. b. H., Marl Krs. Recklinghausen. Status: 31st of December 1943.
 S=Aktiengesellschaft für Stickstoffdünger, Knappsack Bez. Köln. Status: 31st of December 1941.
 T=Duisburger Kupferhütte, Duisburg. Status: 31st of December 1942.
 U=Chemische Werke Zscherndorf G. m. b. H., Bitterfeld. Status: 31st of December 1941.
 V=Ammoniakwerk Merseburg G. m. b. H., Merseburg. Status: 31st of December 1943.
 W=Kalle & Co., Wiesbaden-Biebrich.
 X=Deutsche Celluloidfabrik Eilenburg, Eilenburg.

Direct and indirect participations of I. G. Farbenindustrie A. G. in Germany

	Legal domicile	Name of firm	Nominal capital (RM.) ¹	Participation (percent)	Kind of firm
	1	2	3	4	5
1	Angsburg	Lech Elektrizitätswerke	40,500,000 ² 32,400	RM. 74,200	(c)
2	Bad Homburg v. d. H.	Bad Homburger Heilquellen G. m. b. H.	20,000	100 percent Chemiewerk Homburg A. G.	(c)
3	Bad Frankenhausen.	Pfännerschaft zu Bad Frankenhausen (Kyffh.).	³ 2,500	0.24	(b)
4	Berlin	Agfa-Film-Export G. m. b. H.	25,000	100	(d)
5	do	"Agfa" Gemeinnützige Bauges. m. b. H.	3,000	95	(c)
6	do	Aluminium-Verkaufs G. m. b. H.	50,000	20	(d)
7	do	Aluminium-Zentrale G. m. b. H.	21,000	16.67	(b)
8	do	"Astra" Grundstücks A. G.	100,000	95 percent Bayer. Sti. Werke; 5 percent Bielefelder Sackfabrik.	(b)
9	do	Bamag-Meguain A. G.	5,982,000	6.3	(c) V
10	do	Carl Bauer & Co.	391,750	100.0	(c) M
11	do	Bayerische Stickstoffwerke A. G.	25,000,000	100.0	(c) V
12	do	Behring-Institut Berlin G. m. b. H.	20,000	100.0	(b)
13	do	Beskiden Erdöl Verarbeitungs G. m. b. H. i. L.	250,000	20.0	(a) Q
14	do	Braunkohle-Benzin A. G.	125,000,000	15,815	(c)
15	do	Carbid-Verinigung G. m. b. H.	53,500	24.77 percent Knappsack 14.95 percent Wacker.	(d)
16	do	Celluloid-Verkaufsgesellschaft m. b. H.	100,000	40.0	(d) L
17	do	Chemie Ost G. m. b. H.	20,000	5	(b) ¹
18	do	Cuprama-Spinnfaser G. m. b. H.	50,000	50	(d)
19	Berlin-Britz	Curta & Co. G. m. b. H.	550,000	100	(c)
20	Berlin	Deutsche Bank		RM. 28,700	(f)
21	do	Deutsche Industrie-bank A. G.	200,000,000	0.6	(f) V
22	do	Deutsche Industrie-bank		RM. 8,000,000, Buckwert RM. 1.	(f)
23	do	Deutscher Aero-Lloyd A. G.:			
		Alte Aktien	5,000,000	0.16	(c) L
		Neue Aktien	5,600,000	0.18	(c) L
24	do	Deutsche Gasolin A. G.	16,500,000	41	(c)

¹ Common.² Preferred.³ Sölden.

Direct and indirect participations of I. G. Farbenindustrie A. G. in Germany—Con.

	Legal domicile	Name of firm	Nominal capital (R.M.)	Participation (percent)	Kind of firm
	1	2	3	4	5
25	Berlin	Deutsche Oxhydric G. m. b. H.	2,000	50	(b) ²
26	do	Deutsche Spreng-chemie G. m. b. H.	1,000,000	50 percent Wasag.	(c)
27	do	Deutsche Superphosphat Industrie G. m. b. H.	65,000	1.84	(d)
28	do	{ G. C. Dornheim A. G.: Stamm-Aktien	752,000	} 97.44	(c) M
		Vorzugs-Aktien	48,000		
29	do	Dresdner Bank	150,000,000	R.M. 40.500	(f)
30	do	Drugofa G. a. b. M. Chemische Produkte.	200,000	100	(d)
31	do	Elite Grundstücks-Gesellschaft m. b. H.	100,000	64.5	(b) ¹
32	do	Erdöl-u. Kohleverwertungs A. G.	3,000,000	75.0	(d) V
33	do	Ethyl G. m. b. H.	2,900,000	50.0	(c) V
34	do	Fluor-Produkte G. m. b. H.	50,000	41.6	(d)
35	do	Flussostwerke G. m. b. H.	800,000	50.0	(c)
36	do	Forschungsgesellschaft für Faser-rehstoffe m. b. H.	100,000	2	(b)
37	do	Gemeinnützige Kulturfilm-Vertrieb G. m. b. H.	20,000	40	(e)
38	do	Generatorkraft Aktiengesellschaft für Tankholz und andere Generator-kraftstoffe.	4,500,000	5.13	(c)
39	do	Gustav Genschow & Co. A. G. Stammaktien.	4,000,000	51.45	(c)
		12.5 percent Vorzugsaktien	120,000	100.0	
		6.0 percent Vorzugsaktien	18,000	100.0	(c)
40	do	Gesellschaft m. b. H. zur Verwertung Chemischer Erzeugnisse.	1,000,000	100.0	(c)
41	do	Haus d. Chemiefaser G. m. b. H.	1,500,000	20.92	(b) ¹
42	do	Igerussko Handelsgesellschaft m. b. H.	100,000	100	(d)
43	do	Indanthrenhaus Berlin G. m. b. H. Lauersen.	125,000	92	(d)
44	do	Injecta A. G. Fabrik zur Fabrikation chirurgischer Instrumente.	2,000,000	75	(c)
45	do	Karbid-Vereinigung G. m. b. H.	69,500	19.06	(d) S
46	do	Kali-Chemie A. G.	35,000,000	25.4	(c) V
47	do	Köln-Rottweil Aktiengesellschaft.	1,000,000	50.0	(d) L
48	do	Kontinentale-Oel-Aktiengesellschaft (V. A.).	{ 50,000,000 30,000,000	} 3.75	(b)
49	do	Kunstseide-Verkaufsburo G. m. b. H.	100,000			14.10	(d)
50	do	Leuchtstoff G. m. b. H.	400,000	25	(c)
51	do	F. von Lochow-Petkus G. m. b. H.	2,000,000	18.0	(c) P
52	do	Magnetophon G. m. b. H.	400,000	50	(d)
53	do	H. A. Meyer & Riemann Chemische Werke A. G.	1,000,000	100 percent Wasag.	(d)
54	do	Mineralöl-Bauges. m. b. H.	600,000	16.67	(b)
55	do	Niederdonau Oel G. m. b. H.	1,000,000	14.5	(c)
56	do	Niedersachsen Ölgesellschaft m. b. H.	500	100	(b) ²
57	do	Ölsaaf-Verwertungs-Gesellschaft m. b. H.	200,000	100	(b) ²
58	do	Pankreas-Verwertungs G. m. b. H.	40,000	25	(b) ²
59	do	Plastica Tropas G. m. b. H.	20,000	50 percent D. A. G.	(b)
60	do	Plastro-Gesellsch. m. b. H., Ver-kaufsge-sellschaft für Kunstharz-waren.	20,000	50.0	(d) L
61	do	Propan G. m. b. H.	20,000	64	(d)
62	do	Reichkraftsprit G. m. b. H.	1,900,000	5.79	(c) Q
63	do	Rheinmetall-Solo-Fabrikations-und -Vertriebsges. m. b. H.	50,000	41.0	(d) L
64	do	Rumänien Mineralöl G. m. b. H.	50,000	16.0	(d) Q
65	do	Sauerstoff-Fabrik Berlin G. m. b. H.	150,000	50.0	(c)
66	do	Schwefel-Gesellschaft m. b. H.	50,000	46.40	(d)
67	do	Soda-u. Aetzalkalien Ost G. m. b. H.	30,000	11.67	(b)
68	Berlin-Weissen-see.	Speyer u. Grund G. m. b. H.	40,000	29.50	(d)
69	Berlin	Sprengstoff-Verkaufsgesellschaft m. b. H.	100,000	65.0	(d) L
70	do	Stickstoff-Ost G. m. b. H.	100,000	54.20	(b) ²
71	do	Stickstoff-Syndikat Berlin G. m. b. H.	247,200	59.79	(d)
72	do	Walter Strehle G. m. b. H.	5,000	80	(d)
73	do	Carl Timmer o. H. G.	500,000	14.75	(c)
		{ Transocean G. m. b. H.	25,000	} 0.08 Riebeck	(c) O
74	do	Transocean Gesellschaft m. b. H.	23,970			R.M. 50 Dyna-mit Treisdorf.
		Transocean G. m. b. H.	300,000	0.22	(c)

² Preferred.

Direct and indirect participations of I. G. Farbenindustrie A. G. in Germany—Con.

	Legal domicile	Name of firm	Nominal capital (RM.)	Participation (percent)	Kind of firm
	1	2	3	4	5
75	Berlin	Ungine-Perrin-Verfahren G. m. b. H.	80,000	33.33	(b) ²
76	do	Universum Film A. G. (Ufa)	37,000,000	RM. 1,680,300	(c)
77	do	Vanadin G. m. b. H.	5,000	20	(d)
78	do	Verkaufsgemeinschaft Pyrotechnischer Fabriken G. m. b. H.	20,000	100 percent Dt. Pyrotechnischer Fabriken.	(d)
79	do	Vereinigte Sauerstoffwerke G. m. b. H.	100,000	50	(d)
80	do	Vereinigung Sulfatlauge G. m. b. H.	150,000	17.73	(b)
81	do	Westfälisch-Anhaltische Sprengstoff Actien-Gesellschaft Chemische Fabriken.	50,000,000	52.07 percent Merseb., 5.05 percent D. A. G.	(c)
82	do	Westf. Kolbenverkaufsgesellschaft Vollrath Weck & Co.	1,094,034	1.05	(d)
83	do	Zementgemeinschaft Nord G. m. b. H.	169,100	2.13	(d)
84	do	Zündschnur-Verkaufs-Gesellschaft m. b. H.	20,000	17 percent D. A. G., 15 percent Gnaschwitz.	(c)
84	Bernau bei Berlin.	Deutsche Pyrotechnische Fabriken G. m. b. H.	2,000,000	65 percent D. A. G.	(c)
85	Bernburg	Deutsche Solvay-Werke A. G.	75,000,000	25.0	(c) V
86	do	Syndikat Deutscher Aetznatronfabriken G. m. b. H.	20,000	30.0	(d)
87	Bielefeld	Bielefelder Sackfabrik G. m. b. H.	900,000	87.5 Bayer. Sti. Werke.	(c)
88	Bitterfeld	Aluminiumwerk G. m. b. H.	50,000	50 I. G.	(b)
89	do	Braunkohlenhaus G. m. b. H.	70,000	8	(b)
90	do	Wasserversorgungsgesellschaft m. b. H.	6,000	75	(e)
91	Blankenburg (Harz).	Blankenburger Grundstückserwerb- und Verwertungs G. m. b. H.	20,000	100 Bayer. Sti. Werke.	(b)
92	Bochum	Aktiengesellschaft der Kohlenwertstoff-Verbände.	4,000,000	0.025	(c) O
93	do	Bergbau Aktiengesellschaft Lothringen.	20,179,000	0.02	(c) L
94	do	Park-Hotel Haus Rechen Bochum G. m. b. H.	240,000	3.10	(b)
95	Bonn	Gemeinnützige Siedlungsgesellschaft Rheinische Heim G. m. b. H.	700,000	0.4	(e)
95a	Bomlitz	Eibia G. m. b. H. für chemische Produkte.	300,000	100 Wolf & Co.	(c)
96	Brehna	Gartenstadt Genossenschaft Brehna u. Umgebung G. m. b. H.			(e)
97	Bremen	Kohlenhandelsgesellschaft Lüders Mentzen & Co.	2,589,943	1.12	(d)
98	Breslau	"Agfa"-Photo G. m. b. H.	5,000	100	(d)
99	do	Gemeinnützige Genossenschaft für Gefolgschaftsverpflegung G. m. b. H.			(e)
100	do	Schmiedfelder Anschlussgleis G. m. b. H.	4,600	4.35	(c) Q
101	Briesen	Monturon G. m. b. H.	100,000	50	(b) ²
102	Danzig	RWS-Geco Munitionsgesellschaft für Polen o. H. G.	17,500	100 Genschow	(d)
103	Darmstadt	Gewerkschaft Götzenhain	4 100	100	(b) ²
104	Denkendorf	Zellwolle Lehrspinnerei G. m. b. H.	1,020,000	23.63	(b)
105	Dehrn/Lahn	Steedener Kalkwerke G. m. b. H.	6,000	100	(b) ²
106	Dessau	Anhaltische Rohstoff G. m. b. H.	66,000	100 I. G.	(b)
107	Dormagen	Gemeinnützige Baugenossenschaft G. m. b. H. Dormagen.	60,000	2.50	(e)
108	Dortmund	Friedr. Uhde Kom. Ges.		RM. 320,000	(c) V
109	do	Friedr. Uhde Kom. Ges Ingenieurbüro.	(⁵)	70 Merseburg	(c)
110	do	Westfälische Kohlenhandels-gesellschaft Gastrock, Murmann & Co.	2,951,398	1.07	(d)
111	Dresden	"Agfa"-Photo G. m. b. H.	5,000	100	(d)
112	Duisburg	Duisburger Kupferhütte	12,000,000	90.52	(c)
113	Do	Gemeinnützige Siedlungsgesellschaft Duisburger Kupferhütte m. b. H.	50,000	100	(e) T
114	Duisburg-Melde- rich.	Gesellschaft für Teerverwertung m. b. H.	20,000,000	2.105	(c)

¹ Common.² Preferred.⁴ Kuxe.⁵ Kein festes Kapital.

Direct and indirect participations of I. G. Farbenindustrie A. G. in Germany—Con.

	Legal domicile	Name of firm	Nominal capital (RM.)	Participation (percent)	Kind of firm
	1	2	3	4	5
115	Duisburg	Kohlenhandelsgesellschaft "Nieder-rhein" Weyer, Franke & Co.	3,939,192	0.68	(d)
116	Do	Ruhrorter Transport-Gesellschaft m. b. H.	5,000	75 Rhestahl, 25 J. Schürmann.	(c)
117	Do	Jos. Schürmann G. m. b. H.	100,000	100 Rhestahl	(c)
118	Düsseldorf	"Agfa"-Photo G. m. b. H.	5,000	100	(d)
119	Do	Hüttenzement-Verband G. m. b. H.	100,000	5.05	(d)
120	Do	Rheinische Senfund Weinessig-Industrie P. Eisenhardt G. m. b. H.	60,000	19.67	(d)
121	Ellenburg	Deutsche Celluloid-Fabrik A. C. Ellenburg.	10,000,000	100	(c)
122	Do	Deutsche Celluloid-Fabrik Ellenburg Gefolgschaftshilfe G. m. b. H.	20,000	50	(e)
123	Eisleben	Th. Hagemann Kohlenhandels-gesellschaft m. b. H. i. L.	95,000	99.47 Riebeck	(a) O
124	Do	Th. Hagemann Kohlen-Handels-gesellschaft m. b. H. i. L.	95,000	500 RM, 0.53 Genschow.	(a) M
125	Do	Milchhof Eisleben e. G. m. b. H.		320 RM	(e) P
126	Elsach	Badische Saphir-Schleifwerke G. m. b. H.	250,000	100	(c)
127	do	Lagerstein - Verkaufsgesellschaft m. b. H.	20,000	51 percent Bad. Saphir-Schleifwerke.	(d)
128	Erdeborn	Zuckerfabrik Erdeborn G. m. b. H.	600	12.5	(c) O
129	Erfurt	Verkaufsvereinigung deutscher Fluss-patgruben G. m. b. H.	20,000	7.50	(d)
130	Essen	Gewerkschaft Morgenglück	298,000	10	(b)
131	Essen-Werden	Pyrophor-Metallges A. G.	240,000	100	(c)
132	Essen	Rheinische Stahlwerke	180,000,000	47.31	(c)
133	do	Rheinisch-Westfälisches Kohlen-Syndikat.	7,500,000	0.68	(d)
134	do	Ruhrgas A. G.	28,000,000	0.54	(c)
135	do	Steinkohlen-Elektrizität A. G.	25,000,000	1.05	(c)
136	Frankfurt/M Höchst.	Actiengesellschaft zur gemeinnützi-gen Beschaffung von Wohnungen.	3,500,000	100	(e)
137	Frankfurt/M	"Agfa"-Photo G. m. b. H.	5,000	100	(d)
138	do	Aktivkohle Union Verwaltungs-Ges. m. b. H.	20,000	25	(b) 2
139	do	Alkali G. m. b. H.	20,000	50	(d)
140	do	Anorgana G. m. b. H.	20,000	100	(b) 2
141	do	Boden- u. Werkstoff-Forschungs m. b. H. Hessen-Nassau.	100,000	7	(b)
142	do	Carbo-Norit-Union-Verwaltungs-Ges. m. b. H. in liquidation.	20,000	12.50	(a)
143	do	Chemiewerke Homburg A. G.	1,000,000	52.40	(c)
144	do	Chlorzinkprodukte G. m. b. H.	20,000	50	(d)
145	do	Citrovin Fabrik G. m. b. H.	20,000	100 Chemiewerk Homburg A. G.	(c)
146	do	Deutsche Aktivkohle Ges. m. b. H.	1,800,000	33.33	(c)
147	do	Deutsche Gesellschaft für Schädlings-bekämpfung G. m. b. H.	100,000	42.50	(d)
148	do	Deutsche Gold- und Silberscheide-Anstalt A.-G.	76,500,000	2.4	(c) V
149	do	Elektrochemische Produkte G. m. b. H.	20,000	25	(d)
150	do	Essigsäure-Gesellschaft m. b. H.	60,000	29.50	(d)
151	do	Fluor-Produkte G. m. b. H.	50,000	41.60	(d)
152	Frankfurt/M Griesheim.	Gemeinnützige Baugesellschaft m. b. H.	200,000	98	(e)
153	Frankfurt/M	Gesellschaft für Aufbereitung m. b. H.	100,000	50	(d)
154	do	Gesellschaft für Synthese Produkte m. b. H.	20,000	50	(d)
155	Frankfurt/M Griesheim.	"Griesogen" Griesheimer Autogen-Verkaufs-Ges. m. b. H.	10,000	100	(d)
156	Frankfurt/M	I. G. Farbenindustrie Aktiengesellschaft.	(7)		(c)
157	do	Vorzugsakt. B	40,000,000	95	V
158	do	I. G. Gefolgschaftshilfe G. m. b. H.	20,000	50	(e)
159	do	Indanthrenhaus Frankfurt G. m. b. H.	125,000	100	(d)
159	do	"Liveg" Lizenzverantwortungsgesellschaft m. b. H.	20,000	50 I. G.	(b) 2
160	do	Metallgesellschaft A. G.	63,000,000	10.96	(c)
161	do	Ballas G. m. b. H. Konzexuvereicherung.	12,500,000	100	(b) 2
162	do	"Pyrodur" Vereinigte Härtemaschinen-Ges. m. b. H.	20,000	50	(d)

* Anteile.

7 1 milliarde and 360 millions.

Direct and indirect participations of I. G. Farbenindustrie A. G. in Germany—Con.

	Legal domicile	Name of firm	Nominal capital (R.M.)	Participation (percent)	Kind of firm
	1	2	3	4	5
163	Frankfurt/M	Schwefelkohlenstoff-Verkaufsges. m. b. H.	20,000	10	(d)
164	do	Schwefelnatrium G. m. b. H.	20,000	50	(d)
165	do	"Sextra" Schwefel-Extraktions- u. Raffinations G. m. b. H.	21,000	50	(b) 2
166	do	Sulfat-Vereinigung G. m. b. H.	30,000	14.67	(d)
167	do	Studiengesellschaft f. Metallgewinnung.	50,000	50	(b) 2
168	do	Verkaufsgesellschaft f. Kunststoff-erzeugnisse G. m. b. H.	20,000	25	(d) L
169	do	Verkaufsgesellschaft f. Kunststoff-erzeugnisse G. m. b. H.	20,000	37.5	(d)
170	do	Verkaufsatelle f. Oxalsäure u. Ameisensäure G. m. b. H.	12,000	12.50	(d)
171	Fürstenwalde	Chemische Fabrik Marienhütte G. m. b. H.	1,900,000	50	(c)
172	Geesthacht	Bergedorf-Geesthachter Eisenbahn A. G.	¹ 7,100,000 ² 900,000	Stück 435 Gen- uss-Sch.	(c)
173	Gelsenkirchen Schalke.	Actiengesellschaft f. chem. Industrie.	3,500,000	36.31	(c)
174	Genthin	Kleinbahn Aktiengesellschaft Genthin.	5,803,600	0.56	(c) L
175	Gerthe	Bergbau A. G. Lothringen		R.M. 624,000	(c)
176	Gnaschwitz	Sprengstoff- und Zündschnurwerke Gnaschwitz A. G.	650,000	65.0	(c) L
177	Goldbach	Faschholzfabrik Goldbach G. m. b. H.	300,000	100	(c)
178	Göttingen	Faserholz G. m. b. H.	200,000	100	(b) 1
179	Hachenburg	Hruby u. Co.	80,000	100.0	(c) M
180	Hagen	Kohlenhandelsgesellschaft "Mark" Siepmann, Schrader u. Co.	3,404,125	0.83	(d)
181	Halle/Saale	Baustoffe u-Kohlen G. m. b. H.	20,000	100	(b) 2
182	Halle	Deutsche Grube A. G.	4,000,000	100	(c)
183	Halle/Saale	Gefolgschaftshilfe der IG-Bergwerke G. m. b. H.	20,000	50.0	(e) O
184	do	Geiseltal Grunderwerbs-G. m. b. H.	18,000	11.60	(b)
185	do	Gemeinnütziger Bauverein Gartenstadt e. G. m. b. H.		300	(e) O
186	do	Gesellschaft für Landeskultur G. m. b. H.	175,000	100.0	(e) V
187	Halle	Gewerkschaft des konsolidierten Steinkohlenbergwerks "Breitenbach."	4 100		(c)
188	do	Gewerkschaft Clara-Verein	4 1,000	100	(b) 1
189	do	Gewerkschaft Kreuzbruch IV	4 100	100.0	(c) O
190	do	Hallescher Verkaufs-Verein für Ziegelfabrikate A. G.	100,000	42.20	(d)
191	do	Friedrich Jesan vorm. Wilh. Reupsch G. m. b. H.	50,000	100.0	(d) O
192	do	Kleinwohnungsbau Halle A. G.	3,500,000	7.22	(c)
193	do	Kleinwohnungsbau A. G.	2,500,000	15.0	(e) V
194	do	Eduard Müller G. m. b. H.	100,000	30.0	(d) O
195	do	Reibeck-Kohle G. m. b. H.	90,000	100.0	(d) O
196	do	Reibeck'sche Montanwerke A. G.	75,000,000	90.25 Rhestahl (Betriebsübernahme u. Dividendengarantievertrag mit I. G.)	(c)
197	do	Siedlung Möckerling G. m. b. H.	2,000	10	(e)
198	Hamburg	"Agfa" Photo G. m. b. H.	5,000	100	(d)
199	do	Ertel, Bieber u. Co. G. m. b. H.	1,000,000	25.0	(c) T
200	Hamburg-Altona	Essig-, Öl-, Senf-Vertriebs-G. m. b. H.	20,000	100 Oswaldowski, Hamburg.	(d)
201	Hamburg	Guano-Werke A. G.	5,600,000	Mehrheit Wasag	(c)
202	do	Indanthrenhaus Hamburg G. m. b. H.	125,000	100	(d)
203	do	Kupferhütte Ertel, Bieber u. Co.	500,000	8.0	(c) L
204	do	Neue Norddeutsche u. Vereinigte Fluss-schiffahrts A. G.	4,000,000	0.9	(c) V
205	do	Joh. Oswaldowski A. G.	200,000	22.45	(c)
206	do	Waren-Commissions-Aktiengesellschaft.	2,000,000	65.0	(c) L
207	do	Westf. Kohlenkontor Nachf. Em-schermann u. Co.	3,342,415	0.50	(d)
208	Hannover	"Agfa" Photo G. m. b. H.	5,000	100	(d)
209	do	Kohlenhandelsgesellschaft "Westfalia" Wiesebrock, Schulte u. Co.	1,985,361	0.94	(d)

¹ Common.² Preferred.⁴ Kuze.

Direct and indirect participations of I. G. Farbenindustrie A. G. in Germany—Con.

	Legal domicile	Name of firm	Nominal capital (RM.)	Participation (percent)	Kind of firm
	1	2	3	4	5
210	Hannover.....	Superphosphatfabriken G. m. b. H.....	4,680	4.49.....	(d)
211	Hasloch.....	Pulverfabrik Hasloch G. m. b. H.....	500,000	RM. 325,000.....	(c)
212	Heidenheim.....	Württembergische Kattunmanufaktur A. G.	4,500,000	RM. 144,000.....	(c)
213	Heydebreck.....	Verkehrsbetriebe Cosel-Heydebreck G. m. b. H.	300,000	16.67.....	(e)
214	Hörde i. W.....	Gewerkschaft Admiral.....	1,000	100 percent Rhein Stahl.	(b)
215	Hüls.....	Chemische Werke Hüls G. m. b. H.....	120,000,000	74.....	(c)
216	Do.....	Gemeinnütziges Wohnungsunternehmen Chemische Werke Hüls G. m. b. H.	600,000	91.67.....	(e)
217	Do.....	Gewerkschaft Auguste Victoria.....	100	100.....	(b) 1
218	Do.....	Gewerkschaft Stein V.....	649,250	100.....	(c)
219	Do.....	Gewerkschaft Stein VII.....	100	100.....	(b) 1
220	Do.....	Gewerkschaft Stein IX.....	100	100.....	(b) 1
221	Do.....	Gewerkschaft Stein X.....	100	100.....	(b) 1
222	Idar-Oberstein.....	Deutsche Edelsteingesellschaft vorm. Hermann Wild A. G.	240,000	90.50.....	(c)
223	Karlsruhe.....	Deutsch-Koloniale Gerbstoff-G. m. b. H.	50,000	100.....	(b) 2
224	Kassel.....	Baryt-Kontor G. m. b. H.....	20,000	15.....	(d)
225	Do.....	Kohlenhandelsgesellschaft "Gluckauf" Abt. Beck u. Co.	2,031,987	0.88.....	(d)
226	Kieselbach.....	Kieselchemie G. m. b. H.....	100,000	100 Eisfeld.....	(c)
227	Knapsack.....	A. G. für Stickstoff-dünger.....	16,000,000	100.....	(c)
228	Köln.....	Actiengesellschaft für Stickstoff-dünger.	16,000,000	100.....	(c)
229	do.....	"Agfa"-Photo G. m. b. H.....	5,000	100.....	(d)
230	do.....	Clarashall G. m. b. H.....	200,000	50.....	(c)
231	Köln-Klettenberg.	Decker & Cie. G. m. b. H.....	12,000	29.17.....	(d)
232	Köln-Braunsfeld.	Eckert & Ziegler G. m. b. H.....	100,000	100.....	(c)
233	Köln-Niehl.....	Fordwerke A. G.....	32,000,000	5.27.....	(c)
234	Köln.....	Gefoltschaftshilfe der A. G. für Stickstoffdünger G. m. b. H.	20,000	75.....	(c)
235	do.....	Gesellschaft für Wohnungsbau.		0.48.....	(e)
236	do.....	G. m. b. H. zum Verwertung chemischer Erzeugnisse.	1,00,000	100 DAG.....	(c)
237	do.....	Indanthrenhaus Köln.....	100,000	100.....	(d)
238	do.....	Kohlenhandelsgesellschaft "Hansa" Kallmeier & Co.	2,993,129	0.63.....	(d)
239	do.....	Lithopone-Kontor G. m. b. H.....	62,200	23.47.....	(d)
240	do.....	Rheinisches Braunkohlen-Syndikat G. m. b. H.	2,147,000	6.986.....	(d)
241	do.....	Rheinische Elektrodenfabrik G. m. b. H.	250,000	50.....	(c)
242	Köln-Braunsfeld.	Rheinisches Spritzgusswerk G. m. b. H.	100,000	100.....	(c)
243	Köln.....	Sachtleben A. G. für Bergbau u. chemische Industrie.	22,500,000	5.63.....	(c)
244	do.....	Union Generatoren G. m. b. H.....	500,000	6.60.....	(d)
245	Königsberg.....	"Agfa"-Photo G. m. b. H.....	5,000	100.....	(d)
246	Krefeld.....	Chemische Fabrik Stockhausen & Cie. K.-G.	1,245,000	33.33.....	(c)
247	do.....	Gemeinnützige Bauu. Siedlungs-A. G.	1,242,000	1.45.....	(e)
248	Krefeld-Linn.....	Zünderwerke Ernst Brünn A. G.....	300,000	(Mehrheit Wasag über Ges. f. chem. Forschung u. Verwaltung).	(c)
249	Langelsheim.....	Mitteldeutsche Sprengstoffwerke G. m. b. H.	420,000	37.42 Sprengstoff-Verk-Ges.	(c)
250	Lauenburg.....	Gemeinnützige Wohnungsgesellschaft f. den Kreis Herzogtum Lauenburg.		RM. 30,000.....	(e)
251	Leipzig.....	"Agfa"-Photo G. m. b. H.....	5,000	100.....	(d)
252	do.....	Brikettverkauf G. m. b. H. i. L.		quite small.....	(a)
253	do.....	Chemische Werke Zscherndorf G. m. b. H.	240,000	100.....	(b)
254	do.....	Deutsche Riechstoff-G. m. b. H.....	300,000	11.....	(d)
255	do.....	Grudefeuerung G. m. b. H.....	30,000	46.66.....	(c)
256	do.....	Indanthrenhaus Leipzig G. m. b. H.....	100,000	99.5.....	(d)
257	do.....	Metallguss G. m. b. H.....	1,000,000	100.....	(c)
258	do.....	Metallwerk Karl Michlor G. m. b. H.....	2,000,000	0.50.....	(b)

* Kuxe.

Direct and indirect participations of I. G. Farbenindustrie A. G. in Germany—Con.

	Legal domicile	Name of firm	Nominal capital (RM.)	Participation (percent)	Kind of firm
	1	2	3	4	5
259	Leipzig	Mitteldeutsches Braunkohlensyndikat G. m. b. H. in liquid. von 1920.	57,000	6.28	(a) ---
260	do	Mitteldeutsches Braunkohlensyndikat 1932 G. m. b. H. i. L.	90,000	12.55 Riebeck	(a) O
261	do	Mitteldeutsches Braunkohlensyndikat 1932 G. m. b. H. i. L.	90,000	0.55 Deutsche Grube.	(a) N
262	do	Mitteldeutsches Braunkohlensyndikat 1937 G. m. b. H.	90,000	4.89	(d) ---
263	do	Mitteldeutsches Braunkohlensyndikat 1937 G. m. b. H.	90,000	11.11 Riebeck	(d) O
264	do	Mitteldeutsches Braunkohlensyndikat 1937 G. m. b. H.	90,000	0.55 Deutsche Grube.	(c) N
265	do	Rentengutsgesellschaft Merseburg G. m. b. H.	1,347,000	23.8	(e) V
266	Leuna Werke	Ammoniakwerk Merseburg G. m. b. H.	287,875,000	100	(c) ---
267	Leuna	Einsatz G. m. b. H.	20,000	75	(c) V
268	do	Gewoge G. m. b. H.	1,380,000	23.9	(e) V
269	do	Leuna Gefolgschaftshilfe	20,000	50	(e) V
270	Leverkusen	Gemeinnützige Eigenheim G. m. b. H.	350,000	96.43	(e) ---
271	do	Fluorit-Werke G. m. b. H.	20,000	100	(b) ---
272	do	Gemeinnützige Eigenheim G. m. b. H.	350,000	96.43	(e) ---
273	do	Titangesellschaft G. m. b. H.	5,500,000	50	(c) ---
274	do	Versuchswerk für Kautschukverarbeitung G. m. b. H.	50,000	50	(e) ---
275	Limburgerhof	Obstbaugesellschaft Vorderpfalz	25,000	20	(c) ---
276	Ludwigshafen	Anorgana Gefolgschaftshilfe G. m. b. H.	20,000	75	(e) ---
277	do	Anorgana G. m. b. H.	100,000	100	(c) ---
278	do	Fluss- und Schwerspatwerke Pforzheim Döppenschmidt & Co. G. m. b. H.	250,000	100	(c) ---
279	do	Gemeinnützige A. G. für Wohnungsbau.	2,000,000	30	(e) ---
280	do	Luranil-Baugesellschaft G. m. b. H.	100,000	100	(b) 2
281	do	H. & M. Schmitz Stiftung	20,000	50	(e) V
282	Magdeburg	Bergmannswohnstätten-Ges. Ofleben G. m. b. H.	5,260	12.16	(e) ---
283	do	Förderstedter Kalk- und Cementkalkwerke Schenk & Vogel G. m. b. H.	415,000	0.19	(c) N
284	do	Westfälische Kohlen- u. Koks-Verkaufsges. Knauer & Co.	629,629	1.05	(d) ---
285	Mannheim	Badisch-Pfälzische Flugbetrieb A. G.		RM. 20,000	(b) ---
286	do	Kohlenkontor Weyhenmeyer & Co.	28,543,879	0.34	(d) ---
287	Mannheim-Waldhof	Ligrowa G. m. b. H.	1,200,000	33.33	(c) ---
288	Mannheim	Rheinische Gummi- und Celluloidfabrik.	1,000,000	60	(c) L
289	Mannheim-Neckarau	Schildkröte Rhein. Dauerwäsche u. Kunststoffwarenfabrik G. m. b. H.	810,000	100 Rhein. Gummi- u. Celluloidfabr.	(b) ---
290	Marburg	Behringwerke A.-G.	600,000	99.9	(b) 1
291	Marl	Gemeinnützige Baugenossenschaft für das Amt Marl G. m. b. H.			(e) ---
292	do	Westgas G. m. b. H.	20,000	50	(c) R
293	Meissen	Vereinigte Zünder u. Kabelwerke A. G.:			
		Vorzugsaktien	8,000		
		Stammaktien	3,487,500	0.09	(c) L
294	Merseburg	Merseburger Überlandbahn A.-G.	3,300,000	4.5	(c) V
295	Mülheim/Ruhr	Studien- und Verwertungs-G. m. b. H.	30,000	2	(b) ---
296	München	"Agfa"-Photo G. m. b. H.	5,000	100	(d) ---
297	do	Alzwerke G. m. b. H.	3,000,000	100 Wacker	(c) ---
298	do	Bayrische Essig-Essenz-Verkaufsstelle Cr. Dederer G. m. b. H.	20,000	29.50	(d) ---
299	do	Bayerische Stickstoff-Werke A.-G.	25,000,000	100 Merseburg	(c) ---
300	do	Chem. Forschungs-G. m. b. H.	20,000	100 Wacker	(b) ---
301	do	Consortium für elektrochemische Industrie G. m. b. H.	30,000	100 Wacker	(b) ---
302	do	Deutsche Heraklith A. G.	2,400,000	Mehrheit Deutsche Magnesit A. G.	(c) ---
303	do	Deutsche Hagnesit A. G.	6,000,000	45	(c) ---
304	do	Elektroschmelzwerk Hempten A. G.	1,200,000	99,65 Wacker	(c) ---
305	do	Drawin G. m. b. H.	20,000	100 Wacker	(d) ---
306	do	Indanthren-Haus München G. m. b. H.	100,000	100	(d) ---
307	do	"Movea" G. m. b. H.	20,000	100	(c) ---
308	do	Dr. Alexander Wacker G. m. b. H.	40,000,000	50	(e) ---

Direct and indirect participations of I. G. Farbenindustrie A. G. in Germany—Con.

	Legal domicile	Name of firm	Nominal capital (R.M.)	Participation (percent)	Kind of firm
	1	2	3	4	5
309	Nachrodt.....	Westfälische Leichtmetallwerke G. m. b. H.	30,000,000	50 I. G. 50 Verein. Stahlwerke.	(c) ----
310	Neumark/Oberpfalz.	Deutsche Pyrotechnische Fabriken G. m. b. H.	2,000,000	65.0.....	(c) L
311	Neustadt/H.....	Hoffmann u. Engelmann.....	1,200,000	57, 65.....	(c) W
312	Neustadt a. d. W.	Hoffman u. Engelmann Gefolgschaftshilfe G. m. b. H.	20,000	100 Hoffmann u. Engelmann A. G.	(c) ----
313	do.....	Heimstätte Westmark G. m. b. H.....	2,400,000	0.83.....	(e) ----
314	Neustadt/W.....	Heimstätte Westmark G. m. b. H.....		R.M. 250.....	(e) L
315	Nordhausen.....	A. Busse G. m. b. H.....	40,000	50.....	(d) O
315a	do.....	Gewerkschaft Graf Karl Martin.....	100	100.....	(b) ² ----
316	Nürnberg.....	Carbidkontor G. m. b. H.....	2,610	100 Wacker.....	(d) ----
317	Nürnberg-Doos..	Gleisgesellschaft Sodafabrikgelände m. b. H.	25,000	20.....	(c) Q
318	Nürnberg.....	Rheinisch-Westfälische Sprengstoff A. G.	100,000	100.....	(d) L
319	Oberhausen-Holten.	Chemische Fabrik Holten G. m. b. H.	2,000,000	30.....	(c) ----
320	Oberhausen.....	Chemische Verwertungsgesellschaft Oberhausen G. m. b. H.	20,000	50.....	(b) ² ----
321	Oberhausen-Holten.	Oxo-Gesellschaft m. b. H.....	6,000,000	33.33.....	(c) ----
322	Oberlar.....	Gemeinnützige Siedlungsbau Gen. e. G. m. b. H.		R.M. 19,200.....	(e) L
323	Opladen.....	Gemeinnützige Bau-Verein G. m. b. H.....			(e) ----
324	Pölitze.....	Hydrierwerke Pölitze.....	170,000,000	31.25.....	(c) ----
325	Pömmelte.....	Preussische Gewerkschaft "Neue Hoffnung" b. Pömmelte.	1,000	26.0.....	(c) O
326	Premnitz.....	Baugenossenschaft Premnitz G. m. b. H.			(e) ----
327	Rheinfelden.....	Baugenossenschaft.....			(e) ----
328	Roitzsch.....	Zuckerfabrik Roitzsch G. m. b. H.....	540,000	1.95.....	(c) ----
329	Rottenburg.....	"Karato" G. m. b. H.....	20,000	100.0.....	(c) ----
330	Rottweil.....	Kreisbaugenossenschaft Rottweil e. G. m. b. H.			(e) ----
331	Saarbrücken.....	Kohlenhandelsgesellschaft "Westmark" Ellenbeck, May, Müller & Co.	3,478,149	0.68.....	(d) ----
332	Schafstädt.....	Molkereigenossenschaft Schafstädt e. G. m. H.		R.M. 2.240.....	(e) P
333	Schkopau.....	Buna-Werke G. m. b. H.....	100,000,000	100.0.....	(c) V
334	Schönebeck Elbe.	Patronen-, Zündhütchen-und Metallwarenfabrik A. G. vorm. Sellier u. Bellot.	1,200,000	60.0.....	(c) L
335	do.....	Preussische Gewerkschaft Neue Hoffnung.	1,000	26.0.....	(b) ----
336	Schöningen.....	Bourjau & Co. K. G.....	700,000	50.0.....	(c) ----
337	Schwarzenberg...	Wasserstoff-Sauerstoff-Werke G. m. b. H.	750,000	33.0.....	(c) ----
338	Schweinfurt.....	Fränkische Weinessig-u. Konservenfabriken G. m. b. H.	1,800,000	29.50.....	(c) ----
339	Sehma/Erzgebirge.	Richard Schubert A. G.....	250,000	100.0.....	(c) ----
340	Silberhütte.....	I. F. Eisfeld Silberhütte G. m. b. H.....	600,000	65.0.....	(c) L
341	Sömmerda.....	Selve-Kronbiegel Dornheim A. G.....	900,000	72.33.....	(c) L
342	Stassfurt.....	Wohnungsbau Stassfurt e. G. m. b. H.....	197,400	15.20.....	(e) ----
343	Stennewitz.....	Dampfmolkerei Stennewitz e. G. m. b. H.		quite small.....	(e) P
344	Stettin.....	Agfa-Photo G. m. b. H.....	20,000	100.0.....	(d) ----
345	do.....	Naumann & Riets G. m. b. H.....	12,000	29.17.....	(d) ----
346	do.....	"Union" Fabrik chemischer Produkte A. G.	6,150,000	Majority Wasag.	(c) ----
347	St. Ingbert.....	Pfälzische Pulverfabriken St. Ingb. G. m. b. H.	800,000	65.00.....	(c) L
348	Stöbnitz.....	Zuckerfabrik Stöbnitz R. Bach & Co..	1,750,000	1.60.....	(c) ----
349	Stromberg.....	Gebr. Wandeleben G. m. b. H.....	1,000,000	100.0.....	(c) S
350	Stromberg-Hunserück.	Gebrüder Wandeleben G. m. b. H.....	1,250,000	100.0.....	(c) ----
351	Stuttgart.....	Agfa-Photo G. m. b. H.....	20,000	100.0.....	(d) ----
352	do.....	Indanthren.....	100,000	100.....	(d) ----
353	Templin.....	Landwirtschaftlicher Ein- u. Verkaufsverein e. G. m. b. H.		R.M. 200.....	(e) P
354	do.....	Molkereigenossenschaft e. G. m. H.		R.M. 300.....	(e) P
355	Teutschenthal...	Deutsche Molybdän-Werke G. m. b. H.	500	100.....	(b) ² ----

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Direct and indirect participation of I. G. Farbenindustrie A. G. in Germany—Con.

	Legal domicile	Name of firm	Nominal capital (R.M)	Participation (percent)	Kind of firm	
	1	2	3	4	5	
356	Troisdorf.....	Dynamit-Aktien-Ges. vorm. Alfred Nobel & Co. (V. A.).	47,000,000	45.40.....	(c)	---
357	do.....	Katholisches Vereinshaus.....	125,000	100.....	(e)	L
358	do.....	Lindener Zündhütchen- u. Patronenfabrik A. G.	120,000	100.....	(c)	L
359	do.....	Sprengstoff-Verkaufsges. m. b. H.....	100,000	65 percent DAG, 25 per- cent Wasag.	(d)	---
366	do.....	Venditor Kunststoff-verkaufsgesell- schaft m. b. H.	20,000	100.....	(d)	L
361	do.....	Wohnungsbaugenossenschaft e. G. m. b. H.		RM. 71.700.	(e)	L
362	do.....	Suddeutsche Kalkstickstoff-Werke A.-G.	35,000,000	30.....	(c)	---
363	Walsrode.....	Wolff & Co. K. G. auf Aktien (S. A.)..	2,380,000 120,000	78.78.....	(c)	---
364	do.....	Ziegelei Graesbeck G. m. b. H.....			91,770	57.3.....	(c)	---
365	Wattenscheid b. Gelsenk.	Hermann Schwarz K.-G.....	300,000	51.....		
366	Weissenfels.....	Gemeinnützige Bau- u. Wohnungs- G. m. b. H.	250,000	4.0.....	(e)	V
367	do.....	Milchhof Weissenfels e. G. m. b. H.....		RM. 270.....	(e)	P
368	Wiesbaden-Bie- brich.	Gemeinnützige Siedlungsgesellschaft Kalle G. m. b. H.	50,000	99.0.....	(e)	---
369	do.....	Kalle & Co. A.-G.....	20,000,000	100.....	(c)	---
370	do.....	Kalle & Co., Gefolgschaftshilfe G. m. b. H.	20,000	100.....	(e)	---
371	do.....	Zellglas-Export-syndikat G. m. b. H.....	20,000	25 percent Kalle, 25 per- cent Wolff & Co.	(d)	---
372	Witten/Ruhr.....	Gewerkshaft Bernhardtsglück.....	400,000	32.5.....	(c)	---
373	Wesermünde- Wulsdorf.	Donar G. m. b. H. für apparatebau.....	50,000	50.0.....	(c)	---
374	Wünschendorf Elster.	Actiengesellschaft f. Lithopone-Fabri- kation.	1,290,000	48.43.....	(c)	---
375	Wuppertal- Barmen.	Hölkenseide G. m. b. H. in Liquida- tion.	3,000,000	50.0.....	(a)	---
376	Wuppertal- Elberfeld.	Klüser & Co. K. G.....	200,000	55.0.....	(d)	T
377	Wuppertal- Oberbarmen.	Kupferkunstseide-Syndikat G. m. b. H.	50,000	23.60.....	(d)	---
378	Wuppertal- Elberfeld.	Rehelsenverkaufsges Duisburger Kup- ferhütte G. m. b. H.	100,000	100.0.....	(d)	T
379	Zwiesel.....	Ostbayerische Schleif- u. Fräswerk G. m. b. H.	20,000	25.0.....	(c)	---

EXHIBIT No. 4

HISTORY OF THE FARBEN MERGER 1926. STATEMENT BY PAUL HAEFLIGER,
AUGUST 6, 1945

The subject I am requested to write about, namely, which were the reasons why the merger of the I. G. Farben in 1926 took place, is a highly interesting one. But I feel that it would require by far a more inspired and skilled pen than I dispose of to shape such a subject in the form it deserves. For it would not do, to my mind, just to enumerate some plain reasons and let the reader draw more or less his own conclusions from them. It is necessary for his full understanding to convey to him the whole atmosphere existing at that time around this deal, the battles that were fought behind the scenes, the ambitions of some leading men and their aims, and last but not least the economic aspect of the past and the future as seen by the founders, reasons which all combined led to the event of probably the biggest merger in the history of modern chemical industry.

I personally was no party of all the deliberations going on in the really initiated and intimate circles and my role was only the one of an interested spectator, but I had in my former chief, General-director Plieninger a fatherly friend from whom I learned casually many a side light of what was going on internally, and to this information I can of course add my own observations and experience of my daily work. But nevertheless, I feel that my knowledge is rather rudimentary and I therefore beg to look upon my report more in the light of a contribution to a biography still to be written about this big scheme.

The foundation of the I. G. Farbenindustrie was by no means the product of a spontaneous decision, but represents the final phase of an organic development which had been going on for long years. It is therefore necessary for the better understanding to go back to the antecedents and to follow them up to 1926, the year of the merger.

It is as early as 1904 that the first joining of interests by forming an "Interessengemeinschaft" (community of interests) took place. At that time the *Farbenfabriken vorm. Friedrich Bayer & Co.* concluded a contract for a duration of 50 years with the *Badische Anilin & Sodafabrik* according to which these firms conserving their entire independency, pooled their net profits, each partner having share of 50 percent. Some weeks later the *A. G. für Anilinfabrikation, Berlin*, (Agfa) entered this contract too with a share of 14 percent in the profits, so that the quotas in this so-called "Drei Bund" now read 43:43:14. The reasons for the formation of this group was the rivalry between the Badische & Leverkusen which would have led to costly fights and further the intention of the Agfa to build an extension dyestuff and chemical plant in the Mannheim district which would have meant additional competition especially for the Badische and which by this agreement could be avoided.

In the same year a second group concluded another "Interessengemeinschaft", the *Farbwerke vorm. Meister Lucius & Brüning, Hoechst a. M.*, combining forces with the important dyestuff firm, *Leopold Cassella & Co., Frankfurt a. M.* The reasons for this deal were chiefly that without an agreement which too provided the independency of each partner, both these firms in their expansion would have penetrated more and more in the production field of the other. Moreover, there was the fact which weighed even more with this decision, that the Farbwerke Hoechst produced a number of raw materials—acids and especially intermediary organic products for dyestuff fabrication—which Cassella being exclusively a dyestuff manufacturing concern, did not produce themselves, but used to buy to a big extent from Hoechst.

Dr. Plieninger told me years later, that at that time the owners of Cassella, *Carl & Arthur von Weinberg*, hesitated a long time to take this step because for them another combination was possible; namely, to go together with the *Chemische Fabrik Griesheim-Elektron, Frankfurt*, who had a first-class anorganic basis and moreover an important and specialised production of intermediary organic products for dyestuff manufacture, without at that time producing any dyestuffs themselves. This would have indeed to my mind far much the better solution for Cassella. But there the human element entered into the picture overruling purely economic reasonings. The Weinbergs, especially Carl v. Weinberg, were very keen to play a prominent social role in the Frankfurt high society which was known to be very exclusive and for that Griesheim-Elektron was not distinguished enough, being conducted by modest but efficient men, whereas the Meister, von Brüning, vom Rath etc. being old Frankfurt families and forming part of the "haute volée" presented quite other chances for them in this social respect. I believe that the Weinberg regretted their decision later on because they were disappointed in this unpronounced aim. They very soon compiled huge personal fortunes and then Carl v. Weinberg became the center of a new class of society in Frankfurt which was looked upon by the exclusive circle as the smart-set. One may smile at this human weakness, but had it been otherwise, it is quite probable that another story could have been written of the I. G. Small causes, big effects, as a German saying goes.

I may add here that Carl von Weinberg was a first-class diplomat and a first-rate businessman and organiser, who with a relatively small dyestuff plant at Mainkur near Frankfurt a. M. achieved amazing financial results, having created at home and especially abroad a sales organisation who worked for him enthusiastically, as he looked after his employees in a personal and very liberal way. I always admired Carl v. Weinberg for these qualities. His brother Arthur von Weinberg was quite another type, but in his field just as prominent as Carl. He was a scientist and philosopher of nearly universal knowledge and he could talk on all subjects with deeply founded learning. I was a great admirer of him and I will never forget the many conversations I had with him in which he always was the giver. Besides he stood with both legs in the world and was a prominent breeder of race horses, owning together with his brother the famous stud Waldfried.

It was Carl von Weinberg by the way who succeeded in 1926 to have the headquarters of the I. G. located in Frankfurt and the big central I. G. building is his idea and work.

I am afraid I am losing myself in reminiscences and therefore revert to the subject of the formation of the so-called "Zwei Bund," *Hoechst-Cassella*, which too was based chiefly on the then decisive dyestuff interests. The combination

meant for both of them a strengthening of their position vis-à-vis the competition of the "Drei Bund" and afforded them the possibility of the joint purchase of raw material and coals and moreover a cooperation in all patent and licence questions. And last but not least it had the effect to stop the dropping market prices for dyestuffs.

It is a fact that hardly in any other industrial branch competition can assume as violent forms as in the chemical industry. The reason for this is to be found in the continuous changes which new inventions and progress in technique cause in the production of the products.

Science and technique are permanently working on the simplification of producing methods and processes and to bring down the costs of production with all the consequences in a fighting market. It is a further fact that as the raw-material costs in chemical production all round but especially in the organic chemical field constitute a relatively small factor in the cost of the finished article, and this applies to labour too, the chemical industry as a rule not being an intensive labour industry, as for instance the metallurgical and the engineering branch. Thus a chemical firm always has the tendency to work at full capacity because the excess production attained thereby shows an extremely low cost and will reduce the cost price for the whole production very sensibly. Such a state of affairs is apt to bring about especially in times of depression untenable conditions which only can be mastered by mutual understandings.

There is another additional strong incentive for maintaining chemical plants in operation at all events because most of them when being laid idle will suffer heavily from deterioration by corrosive agents which causes expensive repairs when work is taken up again. As to the sudden changes of processes and technique as a characteristic of chemical industry, this fact, too, makes it imperative for sound economics to write off chemical plants at a much quicker rate than is needed in other industries. A chemical firm will therefore always decide on extraordinary amortisation if ever the profits made will allow for it, after providing for normal amortisation. This means, too, that the margin of profit in a chemical concern must be rather high for special fields, as for instance dyestuffs and pharmaceuticals, because in the heavy chemical domain there always is competition going on which forces prices down on a low level. It must not be overlooked that especially in the anorganic field where good processes are mostly available for everybody as well as the respective raw materials the maintenance of too high a price level would in normal times only create competition by newly erected works, within a short time. The I. G. was often reproached by members of syndicates and conventions for various products to insist on too low a price. It is because the I. G. could take a broad view as regards to avoid this danger of an excessive price policy, whereas other smaller firms wanted to harvest in the hay time and did not care much what would happen later on. I am of opinion that the I. G. in all these contentions acted as a brake for the establishing of exaggerated prices and thereby was instrumental in bringing about in many markets a very desirable stability which otherwise would not have been the case. To round up this subject I may point out yet another reflection. As the I. G. was delivering their numerous products to practically all existing industries in Germany, it would never had done to take undue advantage of their strong position by enforcing too high prices, because this would only have had the consequence of impairing the competitive power of their customers especially in the export business with the effect that their requirements taken from the I. G. would have got smaller in volume and in turn would reduce the production of these products which would have meant for the I. G., as explained above, disproportionally higher production costs and probably less profits in spite of higher selling prices.

After this deviation from the subject may I now revert to the old time of 1904.

Soon after the formation of the Drei and Zwei Bund, these two groups approached each other and the Badische Anilin & Soda-Fabrik concluded on behalf of the Zweibund a contract with the Farbwerke Hoechst on the important synthetic Indigo field for the regulation of this production and the market prices to put a stop to the ruthless price fight going on in the market.

In the foregoing I have described what you may call the first phase of the I. G. Farben which lasted from 1904 to 1915. Although the 2 groups had the leading characteristic of an "Interessengemeinschaft" (community of interests) namely the dividing up of the net profits according to agreed quotas, yet the connections established between the said groups were restricted on certain exposed dyestuff fields and competition in other domains also among the groups themselves, especially within the Zweibund Ludwigshafen/Leverkusen was still going on. There neither was any interference into the technical affairs of each firm who retained too in this respect their entire independency in their decisions.

But this important first phase ploughed and prepared the ground for the future, it being only a question of time that the relations between the two groups would have to be revised and regulated on a broader basis. The world war 1914/18 no doubt accelerated this logical development. However, there is another reason which to my mind is even more important and on which I now have to dwell upon at some length.

It is the rapid expansion of the Badische Anilin & Sodafabrik which had set in several years before 1914 in the new field of *nitrogen* which brought about a new situation.

Formerly the Badische was a very conservative firm, the stiffness and the correctness under the conduction of Geheimrat Hüttenmüller and Dr. Brunck being well known throughout the chemical industry. But with the entrance of *Prof. Carl Bosch* there came a change in all this and he managed to turn up the character of this firm within a few years by forcing it into an entirely new track. For curiosity's sake I may mention here that the Badische Anilin & Sodafabrik bear their name quite wrongly, because they are not situated in Baden, but in Bavaria and neither did they produce anilin nor soda. This new direction was the production of nitrogen on the basis of the Haber/Bosch process which within very few years expanded into important new nitrogen and nitrate of soda plants at Oppau. It is the unperishable merit of Professor Bosch to have found the technical solution of this new process which considering the then existing mark of the metallurgical and engineering industry, presented exorbitant difficulties, a solution which allowed to produce nitrogen cheap enough to compete with nitrogen in all forms from the old natural sources. At that time there existed no alloyed steel hard enough to resist a pressure up to 500 atmospheres under high temperature, the highest hitherto having been if I rightly remember about 50 atmospheres. Bosch was a great practical man who formerly had worked too in metallurgical and engineering firms and although there was a cooperation with Krupp A. G. he practically himself had to invent and to build up the suitable special equipment and apparatuses as well as the right sort of alloyed steel which would stand the heat and pressure of the new process.

This impetuous development of the Badische due to the initiative of Bosch, which gave this firm soon another face, was quite sensational and must have given great concern to the jealous rival firm, the Farbenfabriken vorm. Friedrich Bayer & Co. Leverkusen, headed, too, by a very energetic leader, *Geheimrat Dr. Duisberg*. Although the Farbenfabriken Leverkusen were a member of the "Drei Bund" and therefore closely tied to the Badische, yet they still represented an independent firm with the freedom to take up new branches. Geheimrat Duisberg must have been aware and feared that an "Interessengemeinschaft" cannot be enforced for any length of time in spite of a long termed duration when the premises or conditions on which it was founded do no longer exist. It certainly is very dangerous for the continuation of such an agreement when one partner is no longer in harmony with the aims of the original contract for having taken up important new lines altogether different which means for him a new development in which the other has no active part, with the necessity probably of capital extension and freedom to enter into agreements with the competitors in the new field. Furthermore it is a legal question, whether in view of a fundamental change, the accomplishment of a contract can be exacted of a members from his partner or partners under such circumstances. They would probably think it over twice to go to court with such a dispute and prefer to settle it by friendly arrangement. The frame of an "Interessengemeinschaft" is never as tight as the one of a company with its own legal personality (mit eigener Rechtspersönlichkeit).

Geheimrat Duisberg was not the man to remain idle in front of such a danger. He too had achieved a great job in erecting the Leverkusen works on his own plans which up to this day still can be considered as a model plant for the modern chemical big industry. Duisberg would not tolerate to be surpassed by the Badische and one can be convinced that if the first world war would not have interfered, he would have tackled the nitrogen problem, too, which must have been known to the Badische.

During the war 1914/18 the dyestuff business experienced a great reduction and a general reorganization was going on to provide for the wants of the war, which kept all the firms busy and caused them to forget their old struggles and conflicts for the time. Moreover, the uncertainty of the future of how matters were going to develop after the war, was creating too an atmosphere of truce and an inclination to reduce the risks by standing together. As a further reflection it was clear for all the dyestuff firms that whatever would be the issue of the war, the dyestuff competition from other countries would be much stronger as before

and that the organisation of the export dyestuff business would have to be built up anew under much more difficult conditions.

Thus in the war year 1916 the psychological moment was very favourable for serious negotiations amongst the members of the two groups and the leading men did not miss this perhaps unique chance. And so in the said year 1916 the formation of the "*Interessengemeinschaft der deutschen Teerfarbenindustrie*" (community of interests of the (German tar dyestuff industry) took place consisting of the following seven members:

- (a) of the "Dreibund" viz:
Badische Anilin & Sodafabrik, Ludwigshafen
Farbenfabriken vorm. Friedr. Bayer & Co., Leverkusen
Akt. Ges. für Anilinfabrikation, Berlin
- (b) of the "Zweibund" viz:
Farbenwerke vorm. Meister Lucius & Bruning, Hoechst a. M.
Leopold Casella & Co., Frankfurt a. M.
- (c) two outside firms:
Chemische Fabrik Griesheim-Elektron, Frankfurt a. M.
Chemische Werke vorm. Weiler ter Meer, Uerdingen

Now I must say something about these two last-named firms.

The *Chemische Fabrik Griesheim-Elektron*, in which at that time I held the position of a young procurist, did not play a prominent role in these deliberations. I daresay they were rather the object of internal talks of the others, who all agreed that this firm could not be left aside. Griesheim-Elektron had a very good standing in the anorganic heavy chemical production being too the leading firm in the field of the Chlorine/Alkali electrolysis, an invention of their former chief Prof. Dr. Stroof in the nineties of the past century, a major invention by the way. But what was more important in the eyes of the others was the fact that Griesheim-Elektron were big producers of anilin oil and salt and of quite a number of intermediary organic products suitable too for dyestuff production which they sold for the most part in the market which did not please the big dyestuff firms at all. In order to give this organic chemical production a certain steadiness, Griesheim-Elektron had acquired about 1908 a small but technically well conducted dyestuff firm, the *Farbwerke Oehler, Offenbach a. M.*, and this small firm succeeded in 1911 to find an entirely new and peculiar genuine dyestuff called Naphtol A. S., which when introduced on the market caused quite a sensation in the professional circles. But on the other hand there was a very weak point in their important business in intermediary products in as much as this business in its financial result was dependent on the big orders from Cassella and Hoechst. Griesheim-Elektron at that time could not afford to lose these important customers and it was to be expected that if they had not followed the "invitation" in 1916 to join the new "Interessengemeinschaft" Casella and Hoechst would have barred them in future by erecting intermediary products plants themselves. It was therefore for Griesheim-Elektron a question of either war or peace and the decision finally was in favour of the latter. I still can remember of how depressed my chief, Generaldirector Plieninger was the day he entered the deal. He would have personally preferred by far to remain the first man in the medium sized but progressing firm, Griesheim-Elektron, who was the work of his life and to be independent. He certainly was a very respected member in the "Verwaltungsrät", the supervisory board of the new I. G., being a strong personality, but of course he was just one of many with his hands more or less tied.

A similar fate had the *Chemische Werke vorm. Weiler ter Meer, Uerdingen*, who too were producers of organic intermediaries and aniline and moreover a noteworthy manufacturer of various dyestuffs. But contrary to Griesheim-Elektron, they were small in the anorganic sector. *Geheimrat ter Meer sen.*, the father of Dr. Fritz ter Meer, and owner of Weiler ter Meer, was a man of much energy and purpose of aim, who although his firm was small as compared with the others, they would not care to have as an opponent and it may be that at that time already they saw in his son a very able man who would succeed him and with whom had to be reckoned with. The role which Dr. Fritz ter Meer played years later in the present I. G. is well known.

The new enlarged "Interessengemeinschaft" was based as the former Zwei and Dreibund on the principle that all the members were to be independent but that their profits would have to be divided up according to fixed unalterable quotas. To ascertain these net profits a detailed system of bookkeeping, compulsory for all the members, had to be worked out, so that during the life of this "I. G." each firm had two separate balance sheets, the official balance and the internal I. G. balance. It was the question of agreeing on these quotas which had the most prominent place in the negotiations. It was finally agreed to base

them on the results of a period of three consecutive years, if I correctly remember 1911/13, but the figures thus found were being discussed and modified in several instances in some measure, to adjust them to changes that had taken place meanwhile and also in consideration of apparent future prospects. I can remember that for instance Mr. Plieninger succeeded for Griesheim-Elektron that the good prospects for the new dystuff Naphtol A. S. which did not have a fair chance to show its true value in the few years preceding 1916, be taken into consideration by fixing the final quota, as well as the fact that right in the basic period of 1911/13 a fierce price fight had to be carried through by his firm in the electrolytical chlorine/alkali field which reflected unfavourably on the net profits of these years. Furthermore he succeeded that the Elektronmetal field as a specialty of Griesheim-Elektron was reserved for them exclusively and outside of the I. G. account, although this special field at that time did not yield profits but was thought to hold promises for the future. But by far the most important exclusive field had to be conceded to the Badische, Professor Bosch refusing to throw in the Nitrogen and nitrate of soda interests. Thus this question was not solved definitely at that time and remained a thorn in the flesh of the new I. G. too.

The quotas finally established and agreed upon were about the following:

	<i>Percent</i>
Badische, Ludwigshafen.....	25.5
Bayer, Leverkusen.....	25.5
Hoechst.....	25.5
Cassella.....	8.6
Agfa.....	8.3
Griesheim-Electron.....	6.0
Weiler ter Meer.....	1.6
Total.....	101.0

For completeness' sake I may add that *Kalle & Co., Biebrich a. Rh.*, an outside dyestuff firm of medium size, could be induced to join with *Farbwerke Hoechst* by special agreement, the same applying to the small dyestuff firm *Farbwerk Mühlheim, Mühlheim a. M.*, who was taken care of by Cassella.

Subsequently, the "Interessengemeinschaft der deutschen Teerfarben Industrie" became more and more known under the abbreviation "I. G." and this denomination came into general use and years later was reserved by a court verdict exclusively to the I. G. Farben.

The formation of the old I. G. in 1916 marks the entrance of the *second phase* of the development towards the final I. G. merger and was to last until 1926.

It is perhaps useful to define hereafter more closely the character of a pure type of "Interessengemeinschaft" and it may be well to point out here, that this legal form of cooperation was already widely spread in Germany as a form of association among numerous important industrial enterprises and financing institutes, the distinction of the dyestuff I. G. thus not being one of principle but only of size.

An "Interessengemeinschaft" (community of interests) is an association in which the partners without any further intention, are willing and agree to do what the name states: they want to treat their interests on an equal footing and in common. They remain before the law and economically independent of each other, because the most important binding characteristics do not exist; namely, capital and personal union. A committee of an I. G. of this kind is entitled to supervise the common financial field but is not entitled to take care of the internal problems of the partner firms or to intervene in their technical disposition and measures. For this separate agreements would have to be concluded in each case.

There was, however, a clause in the elaborate I. G. agreement of 1916 which I must mention especially because it was one which later on was a stumbling block for the individual development of the I. G. firms. Once the I. G. joint account was established and profits adjusted according to the quotas each firm was at liberty to use its financial share for further extra amortisation, for dividends etc. But each member was not allowed to increase its capital without the consent of the I. G. as a whole.

There are many experts who believe that an association in the form of an "Interessengemeinschaft" has always the character of periodicity and is not of a lasting nature. As long as the results are good it will continue but sooner or later conditions are bound to arise which will strengthen or revive the feeling for independency and then there comes the time of the alternative: either dissolution or merger.

I believe they are right in most cases. Don't let us to be deceived if the old I. G. lasted as long as 10 years. It was due in reality to abnormal conditions existing during the whole what you may call the transitory second phase. The old I. G. during this time until 1924 was not in fact put to a real crucial test. To start with the war years 1916-18 can be barred, because no internal conflicts could arise then. In 1919 and 1920 everybody was lamed by the effects of the lost war and was glad to be insured, so to speak, by the I. G. agreement against the individual risks of shortage of coal, strikes, revolution, mutiny, etc. Then the enormous inflation and depreciation of the currency chiefly due to the military occupation of the Ruhr district by France, gained more and more speed and during 1922 and 1923 the making up of the I. G. adjustment account was quite superfluous, because at the time of it being ready, the equalisation amounts did not matter at all for having meanwhile depreciated to a fraction or almost to nought.

It is the event of the creation of the Rentenmark in summer 1923 by Mr. Schacht which contrary to all expectations remained stable, which soon brought along an altogether different situation for the economic and industrial life. All of a sudden the huge possibilities for easy trade at home but especially in the export markets, which an ever-declining currency had afforded to trade and industry, came to an abrupt end and with it the time of testing the solidity of the old I. G. had at last arrived. Difficulties, deficiencies, and other drawbacks which by the dope of an inflated currency were dormant or underrated or misjudged, now soon became apparent and the real situation thus unveiled was indeed of a nature to give great concern to those responsible and caused them to start at once a thorough survey of all contributing factors.

Until then the character of the old I. G. had been chiefly a commercial and financial one, the cost price of the products during the past eight years mattering very little, because the production price was being paid in continuously inflating currency, whereas, for instance, the important dyestuff export yielded for the most part stable money in good foreign currency which when transferred to Germany represented mark amounts quite out of proportion of production costs, so that on paper big profits could be shown even with a much smaller dyestuff export volume as prewar. But after 1923, the German Rentenmark being at par with the pound and dollar, the dyestuff people realised that in order to cope with the stronger foreign competition from the U. S. A., Switzerland, England, and France they could no longer afford the luxury of having each of them a world-wide sales organisation which, in spite of all regulations and collectual agreements at home, were in fact competing with each other in getting orders. The sales regulations and prescriptions which a dyestuff salesman was supposed to observe, was laid down and compiled in a book, being known as the dyestuff bible. The costs of such a dislocated, multiple-sales organisation were exorbitant and had to be cut down radically in view of the new situation. Although in the meantime the turn-over in the nitrogen field may have surpassed the dyestuff figure, the latter still ranked first as regards revenue and dyestuffs were as hithertofore looked upon as the backbone of the I. G.

As to nitrogen about that time Professor Bosch, for the Badische, decided to give up this reservate and to include it in the I. G. account. The reason was that the continuous extension of the nitrogen works necessitated capital increases for the Badische for which they had to ask the consent of the other members, as mentioned previously. Professor Bosch in taking this step must have known that the golden time for nitrogen would shortly come to an end in view of the great efforts abroad to make themselves independent from German nitrogen imports. To this must be added another important fact: the *hydrogenation of coal* was on its way and Professor Bosch needed huge sums for developing this new fundamental process. He always was for doing research on a vast scale, but in this instance I believe he surpassed himself, because he started to build an experimental hydrogenation plant which I was told later ran into fifty million marks. These risks were too great even for a big firm as the Badische and so he handed these exclusive domains over to the entire I. G. At the same time Griesheim-Elektron relinquished too its exclusivity for Elektronmetall, which had given so far disappointing financial results.

Professor Bosch was to my mind quite beyond so-called capitalism. He used this instrument because it gave him the means to carry through his big technical ideas for which he would have sacrificed everything.

As to commercial questions he had hardly any interest and on more than one occasion he quite openly avowed that he did not understand much of it. He only expected of this commercial people that they should contrive to make as much money as to keep things going in a sound shape and to allow him to draw the necessary amounts for his big experiments. The total amount spent by him

for developing coal hydrogenation, by the way, finally ran into several hundred million stable marks which were never retrieved.

When I told above that up to 1923 it mattered little whether the production costs were high or low, one can easily understand that the works did not turn a coin twice before spending it. Indeed, they were very liberal, to put it mildly, in their expenditures for costly research laboratories and other auxiliary institutions, there being, as afore-mentioned, no interference in the technical field by the supervisory board of the old I. G. But the worst was that each big firm had with the time taken up the production of nearly all I. G. dyestuffs and other organic products, so that when the crisis broke out in 1923 and the volume could no longer be maintained such a decentralised production programme was by far too costly and had to be altered, i. e., to be concentrated in the works best placed for them. But with this necessity an entirely new element entered the picture, which could not be dealt with in the frame of the old I. G. based on the fundamental principle of the conservation of independent firms.

Other necessities, moreover, turned up in this survey which had to be attended to without loss of time.

I may summarise the most important of all these necessities as follows:

I. Commercially

(a) Concentration of the various departments of each firm for the different fields, into centralised departments in new headquarters to be decided upon, the maintenance of 7 different staffs for the same kind of products being far too costly.

(b) Radical concentration of the individual representations of the different dyestuff firms abroad and at home.

(c) Reorganisation and concentration of the purchasing departments of the different firms. Central buying especially for raw materials means cheaper prices. Hitherto all the firms had been purchasing such materials each of them individually with some exceptions where existed separate agreements.

(d) Concentration of the various patent offices on a reduced number and new regulations to enforce economy of avoidable patent expenses which had grown into big figures and furthermore the avoidance of internal duplicities.

II. Technically

(a) Power to enforce a production plan for the old and future products. As a rule the work who develops a new product has the preference for subsequent production unless conditions in another plant are distinctly better, it being further a rule that the more important products should be produced at least by two plants in order to keep the competitive spirit alive.

(b) Revision and reorganisation of research by establishing and carrying through the principle that on the same subject not more than two laboratories should be engaged as a rule, whereas hitherto almost every firm had the ambition to take up costly research work on all developments they heard of from the others, irrespective whether they were suited for the particular case.

(c) Free exchange of all experience and know-how in the different domains for processes and technical questions.

It is obvious that all these important exigencies could not possibly be carried through in a mere "Interessengemeinschaft." They were breaking the frame and the character of such a form of organisation and as a dissolution never entered into question because it would have meant ruinous competition for all, the only solution was the natural and often predicted decision to merge into one concern the seven firms forming the old I. G. Deliberations of this big scheme weighing pro and contra had taken place internally from 1924 onward and in 1926 everything was ready to proceed to the foundation of the *I. G. Farbenindustrie A. G. Frankfurt a. M.* by the six firms being merged in the seventh, the *Badische Anilin & Sodafabrik* which thereupon changed its name to the above-mentioned. The denomination of "I. G." was preserved in it for being known all over the world and the word "Farbenindustrie" once more showed that the dyestuffs were at that time still considered as the most important branch.

But let it be laid down here, that with the foundation of the *I. G. Farben*, the center of gravity which formerly had rested on the commercial side, now definitely shifted over to the technical side, because from then onward in front of the heavy competition going on at home and especially abroad in many domains, the decisive factor for the final financial result was to be found in the low costs of the productions. This technical domination became even more pronounced after the crisis which shock world economies in 1929 and later on. I beg to refer here to my statement dated 17th June 45 in which I gave a number of inside facts as

to the inner construction of the I. G. Farben. Special sacrifices had to be imposed at that time on the technical field which in their opinion gave them also the moral right to claim control for all important commercial and economic questions and decisions.

Retrospectively one may say that the I. G. in their old form never could have survived the crisis 1929/31 and that the revised organisation of the I. G. Farben had just matured until 1929 to a point which allowed them to endure this very dangerous set-back.

It may be worth mentioning finally in order to show the spirit in which technical problems were being dealt with by C. Bosch and Duisberg that in 1926 when decisions regarding the concentration of productions had to be taken, great care was observed in spite of the serious situation to offer the works which suffered by it, a chance to take up new lines, although the temptation was great to close them down for good. Thus for instance Uerdingen whose dyestuff production was absorbed by Leverkusen, was financially helped to find within a relatively short time in the manufacturing of mineral iron red colours, new binding agents for prints and especially later on in synthetic adhesives a more than full compensation. The same applies to Kalle, Biebrich, whose dyestuff production too was stopped and who went in the manufacturing of cellophane on a French license and somewhat later developed the very interesting novel field of Ozalite, a new kind of tracing paper, both new productions allowing them by their result to forget about the loss of their former dyestuff production. Other works whose equipments especially as regards steam, energy, transport means etc. were granted the necessary credits to modernise their plants although at that time, it would have been better from a purely financial point of view to stop them.

FRANKFURT A. M., 6th August, 1945.

(Signed) P. HAEFLIGER.

EXHIBIT No. 5

AUGUST 20, 1945.

STATEMENT BY DR. VON SCHNITZLER ON FARBEN'S WARTIME EXPANSION AND INDUSTRIAL SIGNIFICANCE

The I. G. is what is called in German language a "concern." The term "concern" means that an enterprise has taken up an evolution that it comprises not only different domains, but that different firms of a varied character are united under the heading and the guidance of the controlling enterprise. Apart from I. G., the best known old established concerns in Germany are Vereinigte Stahlwerke and Siemens-Schuckert. The development of I. G. from a number of independent firms to a concern was performed in a relatively short time. It is publicly known that I. G. had been constituted in 1925 by a merger of six chemical firms which took over the shares of the seventh one, "Cassella." Even at that time although the bigger ones of the so-called mother houses represented a huge potential of economic power—the term "concern" did not apply to the whole combine. The activities of I. G. could be strictly distributed in the (1) inorganic chemistry (acids, caustic soda, etc.) (2) the aromatic organic field (dyestuffs and pharmaceuticals) and (3) the high pressure industry (nitrogen and methanol). Thus I. G.'s activity was strictly limited to the purely chemical domain and had not yet entered the many new fields which led her on the way of the metallurgical as well as of the oil, and the domain of plastic masses, including rubber. The germs of the new developments were laid, but had not yet come to blossom and nobody could foresee how fantastic the results of the development would be. Retrospectively seen, the growing to a concern was a continuous and uninterrupted one year after year even in the time of the deepest depression. In the years of the world crisis of 1931, the technical progress did not come to a standstill and when the program of autarchy and rearmament came to execution, the speed of the expansion became an overwhelming one. The aliphatic chemical industry which had been developing as a third big part of chemical activity and which apart of the limited quantities of ethylene made by coke gases entirely reposes on carbide reached a volume in weight ten times as big as was represented by the aromatic organic chemistry. This aliphatic chemical industry was only taken up in 1917 and up to that time, the aromatic industry represented practically alone the organic chemical industry.

The main products in this aliphatic domain were Buna and different new plastics, but the progress made was not smaller in the domain of the electrochemical field where Bitterfeld and its affiliations realized an enormous expansion in aluminum and magnesium and exactly the same happened in the cellulose

chemical field where rayon and photographic articles showed a continuously climbing turnover, in the synthetic fabrics altogether where indeed I. G. had a relatively small share (18 percent), but for which I. G. had to supply the bulk of the raw materials—caustic soda and sulphur S.C. 2, a development from nil to nearly 300,000 tons a year was realized. It cannot be the object of this statement to enumerate the different endeavors which succeeded in the bringing up of so vast an expansion. The laboratory work prepared and continued since decades, the property of a huge range of patents and a staff of highly trained and gifted chemists cooperated to constitute the basis for an industrial achievement, which, in this country, had no parallel. The economic result for the company was no less brilliant than the chemical achievement. Up to the end of 1943, not only the turn-over but just as well the profit figures showed an upward trend. In the meantime, following the decree of the first days of the war regarding prices, at least 120,000,000 M. per annum were sacrificed on the original prewar prices and all that was achieved notwithstanding that equipment and material during the war always became more expensive and that the quality of the workmen showed a decrease, instead of the skilled men who more and more got to be mobilized, women and foreign workmen became employed and it was inevitable that they could not realize the same performance as the men whom they had replaced. It had often been complained of in I. G. circles that I. G. practically alone showed in the chemical field an activity in inventing and carrying through technical processes which met the corresponding efforts of the American chemical industry, where at least half a dozen big firms were devoting themselves to new inventions and processes.

The poor endeavors and the feeble results of the other chemical industries (partly due to a lack of enterprise and readiness to take over substantial commercial risks) meant for I. G. a strong obstacle in her relations with them. Notwithstanding that, I. G. always had to protect that industry by the most varied methods in supplying them with raw materials, intermediates, licenses and know-how. The jealousy of this industry was never to be quieted and the unpopularity of I. G. to a large extent was due to that jealousy which never or seldom openly came to expression but was always like a gleaming fire under the surface. However it was, I. G. could not bring science to a standstill because the smaller chemical industrialists would have liked her to do so and the progress of science brought up another development in an additional field. In former times, I. G. always had taken the standpoint that it should limit its activities on the proper domain of chemistry and not interfere with their customer's business. Thus I. G. never took an interest in textile factories or in dyer's trade and even refused every participation in the lacquer and varnish industry, although some of the pigment dyes were made simultaneously by those producers and by I. G. itself. The newly developed products in the field of aliphatic chemistry as well as in the light metal field demanded a change of this policy. In order to teach the consumers industry the employment of these new products, I. G. had to erect or to buy entire plants in which these products were transformed into the finished articles, the fabrication of which normally would have been the task of the consumers. As to an example, I may only refer to the tire factory in LEV, which had to play a pioneer's role in the employment of Buna, and in the great laboratories of Bitterfeld as well as in the Dynamit A. G. works in Troisorf, a substantial manufacturing of finished articles in all kinds of plastics, tubes, wires, entire parts of machinery, etc., was done. In the light metal field, a great firm Megu in Leipsig was acquired which was in the first line a foundry in order to give practical application for magnesium alloys and even a rolling work in Lethmathe was taken over jointly with Vereinigse Stahlwerke for rolling tentatives of such alloys. I. G. had to engage specialists for these different tasks, men who were not acquainted with I. G.'s main activities and only could have a loose connection with the chemical field in general.

The more I. G. became a concern in the aforementioned way, the less efficient became the power and survey of the central administration. Bookkeeping and financial control more and more replaced the immediate knowledge of the technical and commercial methods in which one was engaged and the central committees developed to registry offices where scientific reports were given and where one took notice of figures. The management of I. G. was in no way satisfied with that development and for years the question was discussed if by splitting up I. G. and creating new independent companies one could not achieve the following three aims: (1) to withdraw from I. G. the reproach to be a "state within the state," (2) to separate the original old business of dyestuffs, pharmaceuticals, and chemicals from the newly developed great commodities like nitrogen, Buna, and oil over which perpetually the danger of nationalization was pend-

ing, (3) to have the newly put factories of Auschwitz and Heyedebrek with the coal mines united in Ost-Chemie A. G. None of these aims ever materialized and even from the Nazi government, also being strongly opposed to I. G. as an institution, never came any suggestions as to what in their opinion I. G. should do. The difficulty of splitting up augmented from year to year as the inter-connection of the factories became more and more complex. Heyedebrek, for instance, is practically a repetition of Oppau, the whole scientific work being done in Oppau, and even for Leuna up to now Oppau is to a large extent the scientific brain center. Generally speaking, the historical evolution from the Rhine to middle Germany and Upper Silesia materialized in such a way that a new works always were a kind of colonies of the old ones and a great responsibility would have to be taken over when one would have tried to separate the young works from the old ones. Also from the aspect of the shareholder it was extremely difficult to find an equitable solution. In offering him, for instance, shares of a newly built Ost-Chemie, A. G., had I. G. not to take a guarantee for the dividends and would such guarantee not make any illusion the whole construction of the new so-called independent company?

Thus everything as far as the general structure of I. G. was concerned remained unchanged and every month added something new to the existing potential. The industrial position of I. G. in Germany had no parallel with any other enterprise. Vereinigte Stahlwerke employed more people and the state-owned Hermann Goering Works had collected so many different enterprises that their capital and their turn-over might even have been higher than that of I. G., but both their domains of activity, their earning capacity and scientific performance, was incomparably smaller than what I. G. could show in these domains. Compared with the great companies abroad, even in United States, no single individual company had so large a field of progressive scientific enterprise as I. G. Dupont, next to I. G., the greatest chemical combine in the world, has the great merit to have brought out the first marketable synthetic rubber, neoprene, and was just as active in the whole chemistry of polymerization as I. G. Apart from that, Dupont invented the nylon fiber and realized substantial progress in the field of vat dyestuffs in bringing them into new and efficient forms. Also in the general chemical field, Dupont was highly progressive; the same applies to the Union Carbide, the American Celanese, as well as to Eastman Kodak, but all these enterprises were much more specialized than I. G. and did not cover so large a field as I. G.'s research work did. Of course one must not forget the entirely different structure of the American and of the German economy. Germany was a small country, was of relatively poor soil having only a strong coal basis and relatively strong basis in water power. Transportation was well developed and the distances short. Thus the inducement to produce commodities, which in countries being larger and richer than Germany were available by the gift of nature, was far bigger in this country and it is not a pure hazard that nitrogen as well as buna has come from Germany, the traditional country of the synthesis. The predominant role which I. G. had to play in this development was indicated by the fact that I. G. represented the combined force of the firms which even before the merger were the strongest and the most active ones in the chemistry of all Europe, if not of the world. It is the Badische Anilin and Soda-Fabr. and Farbenfabriken in Leverkusen, the laboratories of which constituted the cells from which the whole technical expansion originated.

G. VON SCHNITZLER.

EXHIBIT No. 12

AUGUST 21, 1945.

STATEMENT BY DR. VON SCHNITZLER ON FARBEN'S WARTIME EXPANSION AND INDUSTRIAL SIGNIFICANCE

When one tries to compare the I. G. with the rest of the chemical industries of Germany, one should never forget that the mother houses of I. G. which constituted the merger in 1925 themselves were by far the biggest enterprises in the chemical domain in Germany. After the revaluation of the mark in 1923 and 1924, the three greatest of the I. G. firms, Badische, Bayer, Hoechst each had a share capital of 160,000,000 marks and by capital turn-over, earning capacity, or by whatever aspect is being taken were each at least three to four times bigger in size than anyone of the other chemical firms. It has always been characteristic for the German chemical industry that there was on one side this huge agglomeration of industrial power called I. G. and on the other hand an extremely great number of small enterprises split over the whole country. Wigru-Chemie

gathered four thousand firms and very few of them had a turn-over of more than R.M. 1,000,000. I. G., at the top of her activity, showed a turn-over of three billion marks and their subsidiaries including Dynamit A. G. had a turn-over of another billion marks. Of this latter billion marks, of course half at least can be considered as typical ammunition business without importance for peacetime. Compared with this, three and one-half or four billion marks, the next one on the list, the so-called Henckel concern of Dusseldorf, manufacturers of soap and other washing products, figures only with a turn-over of somewhat two hundred million marks and this gives a true picture of how outstanding I. G.'s position was. As a third firm, the Deutsch Solvay Werke and Schering A. G. of Berlin in fourth place has a turn-over of between one hundred and two hundred million marks and that probably closes the list of the combines with over one hundred million marks of yearly turn-over. Altogether the German chemical industry in the top year of 1943 including Austria and Sudetenland might have had a turnover of approximately ten billion marks. But if one only compares the six and the four billion, one is far from a true picture of what the real potential of I. G. in relation to the combined total of the other German firms represented. Not only that new inventions of outstanding importance practically were alone made by I. G. and that research work on a large scale was exclusively done by I. G., the real importance of I. G. in her qualities as a supplier of all basic products to the other chemical industries was even much higher.

Entire groups of chemistry like the varnish and the lacquer industry in dye-stuffs and solvents were entirely dependent on I. G. and in the pharmaceutical domain even firms like Schering and Merck also possessing a big share in the pharmaceutical business of finished products depended on I. G. in her basic organic products like aniline and the different derivatives of acetic acid. It has once been made an analysis which part I. G. had in the pharmaceutical business and as a test case one has analyzed the turn-over of two Krankenkassen in different parts of Germany. The analysis only showed a share of I. G. of somewhat as 20 percent, but on the one hand the Kassen did not take articles with a standard name like Aspirin, buying as little as possible and trying to place their orders in the market of the products without the special brand of a firm so that practically I. G.'s share will have to be much bigger (but it must not be forgotten that practically all pharmaceutical products as beforesaid are based on raw materials and intermediates bought from I. G.). It is not exaggerated to make this statement that the entire pharmaceutical industry literally would come to a standstill if I. G. would stop production. The same applies to the entire textile industry which reposes on I. G. for dyestuffs and all kinds of auxiliary products including the cleansing and wetting process. There is only the soap industry, properly speaking, which to a large extent is self-supporting on their own basis and then of course Solvay and the other less important producers of carbonate of soda and chlorine and caustic soda.

To summarize I may give some samples of I. G.'s relative share in the different key domains of chemistry: Dyestuffs, 100 percent; auxiliary products at least 50 percent, probably in pharmaceuticals at least one-third, the other two-thirds all depend on the supply of basic organic products through I. G.; nitrogen, before the war, 70 percent; general chemicals apart from I. G.'s own consumption between 20 and 80 percent; photographic articles, 80 percent; carbides at least 80 percent; buna, 100 percent; plastics, etc., modern thermoplastics made by polymerization, 100 percent; the old products, phenoplast, 30-50 percent; light metals, magnesium at least 90 percent; only one small producer apart from I. G., Wintershall, aluminum only, a modest participation. Thus from whatever angle one takes up the problem, I. G. has the key position as producer in the whole range in inorganic and aromatic organic products and a walkover position in the aliphatic field. This taken together with the overwhelming position I. G. has in the field of photographic products and the strong majority in nitrogen, one has to make the statement that chemistry in Germany and I. G. is to a great extent synonymous. But it does not cover the entire position of I. G. in the chemical field, if one does not analyze the interconnection between the German chemistry and that of the neighboring countries. None of these countries including France is self-supporting in such a sense that they under normal economic circumstances can get rid of I. G.'s supplies and the intercourse with her. Not only the textile industry of Scandinavia, Holland, France, Czechoslovakia can be separated from the supply of dye-stuffs, auxiliaries, etc., from I. G.,-but also the chemical industry of these countries is closely related to her and it is fairly unimaginable that for instance Holland, Belgium, and Scandinavia will renounce to any intercourse with the I. G.'s chemical works located on the borders of the Rhine River. Also the pharma-

ceutical products of "Bayer" cannot be thought of away from a Belgian or Dutch or Swedish dispensary. Even in France where a much stronger chemical industry exists than in the afore-mentioned other countries, I. G.'s products as well as I. G.'s licenses will be needed in many important domains and as well the Kuhlmann group as Rhone Poulenc will be only too glad to reassume those relations.

I cannot imagine that England or United States can entirely replace this position which had been held for such a long time and which is based upon scientific and business relations as well as the reciprocal knowledge of the language. After World War I, relations with Holland were being resumed at once, with Belgium after a very short interval, and with France in a slowly climbing tendency up to 1927 when Germany became the first industrial supplier of France and this without competing against the domestic industry in France. The business done in those countries by I. G. was not directed against the English and American importation, which only partly materialized in the same fields and which as far as the English were concerned were mostly protected by cartel agreements. Speaking generally of exports, I. G.'s share in the export of German chemical industries can be considered as being the half of the total export. Exact figures were never available because the official figures did not always coincide with the figures made up by the individual firms and as the handling of turn-over figures of subsidiaries of I. G. was not identical in the official way compared with the handling inside of I. G.

G. VON SCHNITZLER.

EXHIBIT No. 13

I. G. production, 1943, compared with total German production (boundaries as of 1937)

Product	I. G. production 1943 including participation 50 percent and more	Percentage of total German production	Total German production, estimated
In 1,000 tons			
1. Nitrogen.....	600	75	800
2. Sulfuric acid.....	707	35	2,000
3. Chlorine.....	290	46	620
4. Caustic soda and potash.....	345	33	1,026
5. Calcium carbide.....	830	61	1,370
6. Aluminium.....	24	8	300
7. Magnesium.....	27.4	.88	30.9
In tons			
8. Nickel.....	2,000	95	2,100
9. Carbonyl iron powder.....	2,100	100	2,100
In million cubic meters			
10. Compressed gases.....	45	45	100
In 1,000 cubic meters			
11. Rare gases.....	27.5	55	50
In tons			
12. Organic intermediates.....	1,489,000	90	1,650,000
13. Solvents (the 6 largest products).....	88,200	75	117,200
14. Methanol.....	251,000	100	251,000
15. Buna, including total production of Htils.....	118,600	100	118,600
16. Plastics.....	57,100	90	63,900
17. Plasticizers.....	27,900	92	30,400

I. G. production, 1943, compared with total German production (boundaries as of 1937)—Continued

Product	I. G. production 1943 including participation 50 percent and more	Percentage of total German production	Total German production, estimated
In tons			
18. Synthetic resins.....	29,900	53	55,900
19. Synthetic tannings.....	30,100	94	32,000
20. Dyestuffs.....	31,670	98	32,520
21. Dyeing and printing auxiliaries.....	28,350	54	49,000
22. Detergent raw materials.....	79,300	100	79,300
23. I. G. waxes.....	3,980	100	3,980
24. Pharmaceuticals.....	4,430	55	8,000
25. Sera.....		100	
26. Insecticides and fungicides.....	24,600	55	45,000
In 1,000 tons			
27. Natural gasoline.....			700
28. Benzine.....			400
29. Synthetic gasoline.....	850	33	2,600
27-29.....	850	23	3,700
↳ Out of this production:			
30. High-octane gasoline.....	650	46	1,400
31. Lubricating oil (synth.).....	60	100	60
32. Explosives and gun powder.....			
32a. Explosives.....	221	84	263
32b. Gun powder.....	210	70	300
33. Poisonous gases.....		95	
34. Artificial silk (1938).....	17	24	72
35. Spun rayon (1938).....	53	28	189
36. Cellophane.....		100	
37. Photographics:			
(a) Movie film.....		60-70	
(b) X-ray film.....		50-60	
(c) Film for amateur cameras.....		75-80	
(d) Color film.....		80-85	
(e) Photographic plates.....		50-60	
(f) Photographic papers.....		50	
(g) Cameras.....		5-10	

FRANKFORT A. M., August 13, 1945.

No. 32, improved by new figures, August 19, 1945.

EXHIBIT No. 14

I. G. PRODUCTION 1937 AND DEPENDENCY OF OTHER GERMAN INDUSTRIES ON I. G. FARBENINDUSTRIE

Enclosed please find a summary of I. G. productions for 1937 which is made up in a similar way as the list of August 13, 1945. Compared with that list major changes appear with the following items:

	Percentage of I. G.	
	1943	1937
No. 5. Calcium carbide.....	61	52
No. 11. Rare gases.....	55	33
No. 22. Detergent raw materials.....	100	
No. 26. Insecticides and fungicides.....	55	40
No. 29. Synthetic gasoline.....	33	50
No. 30. High-octane gasoline.....	46	
No. 31. Synthetic lubricating oil.....	100	

The productions of detergent raw materials, high-octane gasoline, and synthetic lubricating oil did not exist in 1937.

As regards the additional dependencies of other German industries on I. G. shown in the statement of August 31, 1945, the following is to be said:

No. 24. Pharmaceuticals.—The dependency of other pharmaceutical products on intermediate supplies of I. G. was in 1937 somewhat less than in 1943 as they could to a certain extent procure intermediates abroad. The decline of total dependency from 60 to 55 percent is mainly due to the fact that the production of new chemotherapeutics such as sulfa drugs was not yet fully developed.

No. 26. Insecticides and fungicides.—In 1937 copper and other metal salts were sufficiently available to that a number of independent producers were in the market; owing to lack of suitable raw materials their customers were partly supplied with I. G.'s substitute materials during wartime. Including Intermediate supplies of I. G. to other firms, I. G.'s share was 45–50 percent in 1937.

No. 42. Paint and varnish industry.—Owing to the fact that in 1937 a number of natural products such as drying oils, natural resins, turpentine oil were available to the paint and varnish industry, the dependency on I. G. was far less than in 1943: at most 35 percent.

No. 43. Soap industry.—No dependency on I. G. with respect to raw materials existed in 1937.

No. 44. Tanneries.—In 1937 the synthetic tanning agents were almost entirely confined to auxiliary tanning agents particularly for cutting down tanning time and giving the leather a particular tanning effect. These auxiliaries may amount to about 10 percent of the total requirements of tanning agents. As far as chrome leather is concerned, the dependency was 100 percent owing to the fact that I. G. was the sole producer of chrome salts in Germany.

No. 45. Glues and adhesives.—The importance of the synthetic adhesives was much less in 1937; these may have in 1937 been a dependency on I. G.'s supplies to the amount of 10 to 15 percent.

No. 46. Rubber industry.—In 1937 synthetic rubber production amounted to about 5 percent of the German rubber consumption. The dependency on I. G. in supplies of accelerators and other auxiliaries was 95 percent. In all other materials necessary for processing rubber no dependency on I. G. existed in 1937.

For items not mentioned above the remarks of August 31, 1945, hold good also for 1937.

OSKAR LOEHR.

FRANKFURT A/M., September 8, 1945.

I. G. production, 1937, compared with total German production

Product	I. G. production 1937, including participation 50 percent and more	Percentage of total German production	Total German production, estimated
In 1,000 metric tons			
1. Nitrogen.....	580	70	835
2. Sulfuric acid.....	593	35	1,700
3. Chlorine.....	149	40	370
4. Caustic soda and potash.....	199	30	660
5. Calcium carbide.....	515	52	950
6. Aluminum.....	10	7	132
7. Magnesium.....	12	100	12
In metric tons			
8. Nickel.....	3,112	100	3,112
9. Carbonyl iron.....	600	100	600
In million cubic meters			
10. Compressed gases.....	22	45	49

I. G. production, 1937, compared with total German production—Continued

Product	I. G. production 1937, including participation 50 percent and more	Percentage of total German production	Total German production, estimated
In 1,000 cubic meters			
11. Rare gases.....	6.4	33	16.6
In metric tons			
12. Organic intermediates.....	496,000	90	550,000
13. Solvents.....	97,800	75	130,000
14. Methanol.....	104,500	100	104,500
15. Synthetic rubber.....	3,473	100	3,473
16. Plastics.....	3,161	90	3,500
17. Plasticizers.....	5,578	90	6,200
18. Synthetic resins.....	12,370	50	24,700
19. Synthetic tanning agents.....	12,245	100	12,245
20. Dyestuffs.....	68,470	98	69,900
21. Dyeing and printing auxiliaries.....	23,890	50	48,000
22. Detergent raw materials.....	None		
23. I. G. waxes.....	2,975	100	2,975
24. Pharmaceuticals.....	2,676	50	5,350
25. Sera.....		100	
26. Insecticides and fungicides.....	5,058	40	12,850
In 1,000 metric tons			
27. Natural gasoline.....			300
28. Benzene.....			300
29. Synthetic gasoline.....	300	50	600
27-29.....	300	25	1,200
Out of this production:			
30. High-octane gasoline.....	None		
31. Lubricating oil (synth.).....	None		
32. Explosives and gun powder.....	(1)	(1)	(1)
32a. Explosives.....	(1)	(1)	(1)
32b. Gun powder.....	(1)	(1)	(1)
33. Poisonous gases.....	None		
34. Artificial silk (1938).....	17	24	72
35. Spun rayon (1938).....	53	28	189
36. Cellophane.....		100	
37. Photographics:			
(a) Movie film.....		60-70	
(b) X-ray film.....		50-60	
(c) Film for amateur cameras.....		75-80	
(d) Color film.....		80-85	
(e) Photographic plates.....		50-60	
(f) Photographic papers.....		50	
(g) Cameras.....		5	

Frankfurt a/M., September 8, 1945.

¹ No figures available.

DEPENDENCY OF OTHER GERMAN INDUSTRIES ON I. G. FARBENINDUSTRIE

SUPPLEMENT TO LIST "I. G. PRODUCTION 1943" OF AUGUST 13TH, 1945

In a number of cases the percentage figures given for I. G. share in total German production have to be supplemented by additional data which show how far other German industries are dependent on I. G. for supplies of important raw materials or intermediates.

No. 6. Aluminum.—I. G. is producer of synthetic Kryolith and probably produces far more than half of this product, needed in considerable quantities for the electrolytical production of aluminum.

No. 16. Plastics.—Exceeding the 90 percent of the I. G. share, I. G. supplies the firm Röhm & Haas, Darmstadt, with intermediates. Thus the share of I. G. in the field of plastics comes up to 93-95 percent.

No. 20. Dyestuffs.—By supplying the firm Geigy, Grenzach, with intermediates it can be assumed that I. G.'s share in the German dyestuffs industry is increased from 98 to 99 percent. On the other hand it must be stated, that in peacetimes foreign firms participated with about 10 percent in the sale of dyestuffs used in Germany.

No. 24. Pharmaceuticals.—The share of 55 percent given in the list is somewhat amply calculated, because the higher value of I. G. products compared with those of firms of medium and smaller size especially has been taken into calculation.

Important intermediates such as phenol, salicylic acid and aniline could be purchased on the open market in quantities sufficient for the production of large products such as aspirine and pyramidone by firms outside I. G. Furthermore, the German pharmaceutical industry is almost entirely independent of I. G. as far as products made from natural drugs or animal glands are concerned (Morphiates, insuline and other hormones). Nevertheless there is an additional dependency on I. G. with respect to important synthetic pharmaceuticals, insofar the other German products rely on the supply of essential intermediates. Examples for this dependency are:

Firm	Name of product	Name of intermediate
C. H. Boehringer Sohn, Ingelheim....	Sympatol (curative for cardiac trouble).....	Methylamine.
E. Merck Darmstadt.....	Ephedrine (curative for diseases of circulatory system).	Benzylchloride.
Goedecke & Co., Magdeburg.....	Gelonida antineuralgica (antirheumatic).....	Phenacetine.
Schering A. G., Berlin.....	Antipyrine (antipyretic).....	Dimethylsulfate.
Do.....	Globucid albucid (chemotherapeutics; sulfa drugs).	Sulfanilic acid.

Taking all circumstances into consideration, the dependency of the remaining pharmaceutical industry on the supply of intermediates by I. G. will probably amount to another 5 percent at most and thus I. G.'s share will be increased from 55 to 60 percent at most.

No. 26. Insecticides.—I. G.'s share of 55 percent will be increased by 5–10 to 60–65 percent by the supplies of intermediates to medium-sized and smaller firms, which work in this field.

FIELDS OF PRODUCTIONS NOT MENTIONED IN THE LIST

No. 37 (h). Photochemical products.—By its organic intermediates I. G. was leading in this field. Its share can be estimated at 70–80 percent.

No. 38. Bichromate.—In the field of chrome salts I. G. was controlling 100 percent of the German manufacture. However, the figures of production declined in recent years owing to lack of chrome ore.

In normal times the outlets of the production were as follows:

	<i>Percent</i>
Export (mostly consumed in leather industries).....	51
Germany:	
(a) Leather industry.....	21. 0
(b) Textile industry.....	6. 0
(c) Mineral colors.....	6. 0
(d) Preserving mixtures for timber in mines.....	5. 0
(e) Catalysts for chemical syntheses, particularly gasoline.....	4. 5
(f) Metal industry (Chrome plating).....	1. 5
(g) Various industries.....	5. 0

In the leather industry chrome salts are used for manufacturing chrome-tanned leather, in the mineral color industry for producing chrome yellow and other chrome colors, in the textile industry particularly in the dyeing of woollen goods. In preserving timber chrome salts can be replaced by other chemicals to a certain

extent, but they are indispensable for catalysts particularly in the production of synthetic gasoline.

No. 39. Phosphoric acid.—I. G. did not produce crude phosphoric acid, but it was the only producer of pure phosphoric acid (by combustion of phosphorus) at Piesteritz. A large part of this production was consumed by I. G. works making mixed nitrogen fertilizers. The remainder was consumed by the soap and detergents industries, by manufacturers of foodstuffs and baking powders, for treatment of hard water and for de-rusting purposes.

No. 40. Hydrocyanic acid and cyanides.—I. G. is the largest producer of hydrocyanic acid and cyanides. Part of its production is for own consumption to produce intermediates for plastics and synthetic rubber. I. G.'s share of the market is estimated to be 40 to 50 percent. Sodium cyanide is mainly used in mining, particularly for flotation of ore and for tempering or hardening steel. Hydrocyanic acid and some cyanides are used for fumigation purposes, pest control, etc.

No. 41 Mineral colors.—(a) Titanium dioxide: The Titangesellschaft m. b. H., Leverkusen (50 percent owned by I. G., 50 percent by National Lead) is the only producer of titanium dioxide in Germany.

(b) Lithopone: The production of Leverkusen including its participations is about 38 percent of the German production.

(c) Remaining white colors (white lead and zinc white): In this field I. G. did not participate.

(d) Iron oxids: By its extensive production in Uerdingen I. G. was leading in this field. Share probably by 90 percent.

(e) Remaining fancy colors: Participation of I. G. quite insignificant, but a certain dependency of other producers from I. G. exists with respect to chrome salts. (See No. 38 above.)

No. 42. Paint and varnish industry.—This industry needs the following products:

18. Synthetic resins, on the average about 35 percent of the total quantity.

13. Solvents, on the average about 62 percent of the total quantity.

17. Plasticizers, on the average about 3 percent of the total quantity. Total 100 percent.

The domination in percentage of the German market by I. G. in the 3 groups, results in a dependency of about 65 percent of the paint and varnish industry.

No. 43. Soap industry.—In the last period of the war the soap industry by way of the group 22, "Detergent raw materials" nearly entirely depended on the I. G.

No. 44. Tanneries.—By the synthetic tanning materials of group 19, a strong dependency on I. G. of the tanneries has developed—at most 50 percent. As far as chrome leather is concerned, the dependency is 100 percent. (See No. 38 above.)

No. 45. Glues and adhesives.—The old glues such as rye products, casein glue, and animal glues were to a considerable extent replaced by synthetic glues, for example: Kaurit, a urea formaldehyde condensation product marketed by I. G.; a phenol formaldehyde condensation product marketed by Dynamit A. G., Troisdorf; Tegoleim, a phenol formaldehyde condensation product marketed by Theodor Goldschmidt A. G., Essen.

The share of I. G. and DAG together in the market amounts to about 50 percent.

No. 46. Rubber industry.—(a) Concerning the main product caoutchouc the industry manufacturing rubber articles depended nearly entirely on the I. G. in the last period of the war.

(b) Accelerators, antioxidants, plasticizers and similar auxiliaries: This field was controlled by I. G. to about 95 percent.

(c) Carbon black: In this field I. G.'s own production was quite insignificant, but by adding the productions of Chemische Werke Hüls and Bayerische Stickstoffwerke, Piesteritz, I. G.'s share will come up to 20–25 percent of the German production.

(d) Sulphur: The greater part of sulphur was imported from abroad.

(e) Other materials for the rubber industry: In this field was no substantial dependency on I. G.

O. LOEHR.

FRANKFURT-a.-M., 31st August, 1945.

EXHIBIT No. 16

Total turn-over of I. G. in 1937, subdivided according to home market and foreign countries

	Home market		Foreign market		Total	
	Mill. R.M.	Percent	Mill. R.M.	Percent	Mill. R.M.	Percent
Group 1 ("Sparte"):						
Nitrogen.....	181,9	78	50,0	22	231,9	100
Gasoline, hydro products, etc.....	118,8	100			118,8	100
Total.....	300,7	86	50,0	14	350,7	100
Group 2:						
Dyestuffs.....	114,9	35	212,5	65	327,4	100
Auxiliaries.....	27,7	48	30,6	52	58,3	100
Chemicals.....	342,0	82	75,9	18	417,9	100
Pharmaceutical products and insecticides.....	36,2	30	83,7	70	119,9	100
Smelling products.....	1,3	43	1,7	57	3,0	100
Total.....	522,1	56	404,4	44	926,5	100
Group 3:						
Photo.....	59,1	60	40,2	40	99,3	100
Artificial silk and spun rayon.....	136,2	98	2,7	2	138,9	100
Total.....	195,3	82	42,9	18	238,2	100
Grand total.....	1,018,1	67	497,3	33	1,515,4	100

FRANKFURT-a.-M., July 4, 1945.

Total turn-over of I. G. in 1939, subdivided according to home market and foreign countries

	Home market		Foreign market		Total	
	Mill. R.M.	Percent	Mill. R.M.	Percent	Mill. R.M.	Percent
Group 1 ("Sparte"):						
Nitrogen.....	279,1	90	32,0	10	311,1	100
Gasoline, hydro products, etc.....	162,4	100			162,4	100
Total.....	441,5	93	32,0	7	473,5	100
Group 2:						
Dyestuffs.....	146,3	45	178,0	55	324,3	100
Auxiliaries.....	43,0	58	30,9	42	73,9	100
Inorganic chemicals.....	151,9	83	29,4	17	181,3	100
Metals.....	143,8	94	8,7	6	152,5	100
Organic chemicals and solvents.....	209,4	84	40,9	16	250,3	100
Buna.....	60,4	97	1,9	3	62,3	100
Plastics.....	15,4	96	0,6	4	16,0	100
Chemicals.....	580,9	88	81,5	12	662,4	100
Pharmaceutical products and insecticides.....	61,8	40	90,2	60	152,0	100
Smelling products.....	2,3	61	1,5	39	3,8	100
Total.....	834,3	69	382,1	31	1.216,4	100
Group 3:						
Photo.....	97,6	71	39,7	29	137,3	100
Artificial silk and spinn rayon.....	156,9	96	6,2	4	163,1	100
Total.....	254,5	85	45,9	15	300,4	100
Grand total.....	1.530,3	77	460,0	23	1.990,3	100

FRANKFORT-a.-M., July 4, 1945.

Total turn-over of I. G. in 1948 subdivided according to home-market and foreign countries

	Home market		Foreign market		Total	
	Mill. R.M.	Percent	Mill. R.M.	Percent	Mill. R.M.	Percent
Group 1 ("Sparte"):						
Nitrogen.....	248,7	100	-----	-----	248,7	100
Gasoline, hydr. products, etc.....	351,5	100	-----	-----	351,5	100
Total.....	600,2	100	-----	-----	600,2	100
Group 2:						
Dyestuff.....	114,7	49	119,2	51	233,9	100
Auxiliaries.....	56,4	60	37,6	40	94,0	100
Waro.....	36,8	89	4,8	11	41,6	100
Inorgan. Chemicals.....	223,1	89	27,4	11	250,5	100
Metals.....	222,8	92	18,1	8	240,9	100
Organ. Chemicals and solvents.....	462,5	87	67,2	13	529,7	100
Buna.....	215,3	76	68,5	24	283,8	100
Plastics.....	115,1	94	7,6	6	122,7	100
Chemicals.....	1.238,8	87	188,8	13	1.427,6	100
Pharmaceutical products and insecticides.....	139,4	47	154,7	53	294,1	100
Smelling products.....	3,6	58	2,6	42	6,2	100
Total.....	1.589,7	76	507,7	24	2.097,4	100
Group 3:						
Photo.....	120,1	60	79,4	40	199,5	100
Artificial silk and spinn-rayon.....	191,1	87	27,4	13	218,5	100
Total.....	311,2	74	106,8	26	418,0	100
Grand total.....	2.501,1	80	614,5	20	3.115,6	100

FRANKFURT-a.-M., July 7, 1945.

EXHIBIT No. 19

FOREIGN CURRENCY RECEIPTS FROM GERMAN EXPORT TRADE AND OTHER SOURCES

In 1932 and 1938 the accounts receivable of I. G. included I. G. shares in the export of nitrogen amounted to about R.M. 460 millions. In assessing the I. G. share in the total German export at 10 percent (fluctuating between 9 and 11 percent) the total German export may be estimated in these years to be about R.M. 4,6 billions.

In 1932 the receipts of I. G. in free currency amounted to about R.M. 360 millions of which about R.M. 240 millions were delivered to the Reichsbank.

In 1938 the corresponding figures were about R.M. 165 millions and about R.M. 80 millions.

Only with all reservations it is possible to estimate the approximate figures for the total German receipts in foreign currency and the total deliveries of free foreign currency to the Reichsbank. As I. G. did not make any special efforts to increase the exports to countries with free currency, which exceeded the general efforts of the German industry and commerce the receipts in total can be estimated as ten times as high as the receipts of I. G.

The deliveries of I. G. in free foreign currencies to the Reichsbank were made after having satisfied all own requirements of I. G. in free foreign currencies, as it had general or special permits to pay all expenditures in free foreign currency out of its own receipts. This special facility was granted only to large enterprises while all other firms had to deliver all their receipts to the Reichsbank and to ask for allotment in free foreign currencies in case they needed them. Therefore I believe that the total amount of deliveries of the German industry and commerce is to a certain extent higher than ten times the amount of the deliveries of the I. G.

Based on the above-mentioned figures of the I. G. the total amount of receipts in free foreign currency would be to be estimated in 1932 at R.M. 3,6 billions and in 1938 at R.M. 1,650 billions. The corresponding figures regarding the deliveries to the Reichsbank would be for 1932 R.M. 2,4 billions and for 1938 R.M. 800 millions, which figures might be to my opinion to a certain extent lower than the real deliveries.

The reduction of the receipts in free foreign currency from 1932 to 1938 from R.M. 3,6 billions to R.M. 1,650 billions at unchanged export turn-over shows the development in the official German economical politics to the clearing agreements.

Besides I. G. export firms of larger importance were the Rheinisch-Westphälisches Kohlensyndikat (syndicate of Rhinish-Westphalian coal mines), the Kalisyndikat (potash syndicate), the large enterprises of the electric industry as Siemens and A. E. G.—the export turn-over of which was naturally fluctuating as they mainly exported complete electrical equipment, the Vereinigte Stahlwerke A. G. (United Steelworks), and the larger firms of the chemical industry among which especially the firms of the pharmaceutical industry had always good export results.

I remember that in 1941 Dr. Reithinger reported I. G.'s share of the total German export trade to be nearly 11 percent. He furthermore gave the following estimations: The export of 8 (or 12 ?) large enterprises amounts as much as about 33 percent of the total German export, 50 percent of the German export are covered by the exports of only about 80 firms, while the exports of about 3,600 German firms together make out the remaining 50 percent of the total German export.

Frankfurt 21st VIII 45.

[S] GIBBLICH.

EXHIBIT No. 20

Analysis of Farben's Yearly Profits from 1930 to 1945

[In Reichsmarks]

	1943	1942	1941
Profit in the prebalance sheet.....	821.626.569	785.629.219	699.651.031
Expenditures booked afterwards.....	115.026.921	128.743.923	97.289.209
Profit previous to tax deduction.....	706.600.638	646.885.296	572.062.722
Income tax.....	298.696.951	277.994.182	237.678.753
Profit discharge.....	65.000.000	30.000.000	36.000.000
Tax for increased dividend.....			7.332.000
Together.....	333.696.951	307.994.182	280.906.753
Profit after tax deduction.....	372.903.687	338.891.114	291.156.969
Placed into reserves.....	291.203.687	261.627.364	220.076.969
Net profit in the published balance sheet.....	81.700.000	77.263.750	71.080.000

27/8/1945.

PAUL DENCKER.

Entries in the books after the prebalance sheet of I. G. Farbenindustrie Aktienges

[In Reichsmarks]

	1943	1942	1941
Expenditures:			
Support of pension funds and I. G. Gefolgschaftsliste.....	57.225.164	54.678.349	28.626.972
Debt for profit discharge.....	65.000.000	30.000.000	36.000.000
Debt for trade tax rest.....	2.608.000	26.000.000	
Special tax for increased dividend.....			7.332.000
Redemption of exiles of the Reich (Reichsabgabe).....		5.647.500	
Fee of supervisory board.....	579.130	723.200	287.200
Exchange loan.....			5.214.689
Export bonus assessment.....		16.444.275	266.282
Taking over loss Zglars.....			765.028
Buna surplus return.....	28.987.208		
Precosts Buna Breslau.....		3.688.777	282.206
Loss of merger Rheinflus.....		2.529.129	2.208.531
Depreciation, New building, Berlin NW 7.....			655.000
Depreciation, Bayer loan.....	600.000		
Depreciation, Nordisk Lettmetall.....	17.500.000		
Depreciation, Buna Ludwigshafen.....		4.008.008	
Profit on sold participations.....			797.600
Profit transfer to Merseburg.....	60.000.000	60.000.000	60.000.000
Total.....	180.626.921	168.743.923	160.620.209
Without profit discharge and tax for increased dividend.....	115.626.921	128.743.923	97.289.209

Entries in the books after the prebalance sheet of I. G. Farbenindustrie Aktiengesellschaft—
Continued

[In Reichsmarks]

	1943	1942	1941
Reserves:			
Differences in depreciation.....	14,496,104	16,114,131	.....
Incidental investment charges, East works.....	30,012,382	30,622,269	.....
Item others.....	6,976,552	6,016,749	34,906,853
Rent tax settlement.....	1,064,614	10,405,426	.....
Revaluation of plants.....	.....	16,420,825	.....
Extraordinary depreciation of stocks.....	18,914,913	2,963,442	38,570,608
Extraordinary depreciation of costs for opening lignite mines.....	10,775,126	2,052,420	1,780,508
Extraordinary depreciation of barracks.....	16,582,347	20,621,869	.....
Extraordinary depreciation of East works.....	118,645,827	82,620,884	131,880,000
Extraordinary depreciation of other works.....	114,810,262	93,600,000	.....
Special fund for pensions.....	4,000,000	2,000,000	2,000,000
Free reserves.....	.....	.....	10,000,000
Total.....	301,203,687	261,627,364	230,076,969
Expenditures.....	180,026,921	168,742,923	140,920,309
Reserves.....	301,203,687	261,627,364	230,076,969
Total.....	471,230,608	430,371,287	300,997,278

26/8/1945.

PAUL DENCKER.

	Net profit of I. G. Farbenindustrie Aktiengesellschaft in Reichsmarks in the years—					
	1930	1931	1932	1933	1934	1935
Net profit in the published balance sheet.....	69,217,998	44,818,020	47,012,427	60,142,347	80,981,071	81,429,841
Less fees of supervisory board.....	2,569,281	1,027,500	680,000	679,998	679,998	679,998
Hereto placed in reserves.....	86,648,607	62,487,829	66,223,427	68,463,254	80,201,076	80,789,848
Extraordinary depreciation for—						
Stocks.....	4,648,612	7,052,551	.....	2,298,216	12,526,429	10,000,000
Plants.....	.....	.....	.....	1,080,000	.....	12,281,170
Claims.....	.....	.....	.....	.....	2,000,000	4,000,000
Special fund for pensions.....	.....	.....	.....	.....	2,000,000	2,000,000
Profit after tax deduction.....	82,000,186	26,423,969	46,222,427	82,721,670	98,827,807	79,041,018
Income tax of I. G.....	18,028,844	2,542,420	1,625,570	6,196,604	12,222,803	18,286,424
Profit before tax deduction.....	100,029,030	41,976,289	47,988,997	58,917,274	82,080,210	97,227,442
	1936	1937	1938	1939	1940	
Net profit in the published balance sheet.....	55,624,874	68,083,229	55,180,000	56,071,000	58,786,000	
Less fees of supervisory board.....	679,998	452,329	681,000	691,000	.....
Hereto placed in reserves.....	54,784,261	47,600,000	54,800,000	55,280,000	58,786,000	
Extraordinary depreciation of plants.....	44,088,424	20,200,100	66,270,199	74,946,073	80,412,869	
Costs for opening lignite mines.....	.....	2,262,081	1,804,625	469,777	870,914	
Stocks.....	20,000,000	22,800,000	22,284,904	18,981,786	20,771,461	
Claims.....	7,000,000	20,000,000	.....	77,000,000	48,000,000	
Participations.....	.....	12,120,186	.....	2,000,000	.....
Pension fund and other reserves.....	2,000,000	2,000,000	2,000,000	2,000,000	12,000,000	
Reserve for losses in grain.....	9,912,267	1,004,999	.....	.....	.....
Free reserves.....	.....	10,000,000	.....	6,997,186	10,000,000	
Profit after tax deduction.....	147,294,912	121,467,257	145,929,729	220,774,792	209,812,234	
Income tax of I. G.....	29,489,827	49,529,687	91,200,829	128,284,206	166,761,823	
Profit before tax deduction.....	176,878,429	231,007,044	237,220,256	262,028,997	416,264,057	

AUGUST 30, 1945.

PAUL DENCKER

EXHIBIT No. 22

Statistics on Farben's Labor Force

	Male	Percent	Feminine	Percent
A. Labourers:				
German original staff.....	62,402	45.7	24,300	54.8
German loan-labourers.....	358	.3		
Officially engaged people.....	7,692	5.6	2,967	6.7
Foreigners.....	45,649	33.3	17,092	38.5
Foreign loan-labourers.....	3,638	2.6		
Prisoners of war, forced labourers, etc.....	17,145	12.5		
Active labourers in our works.....	136,884	100.0	44,359	100.0
	181,243 Those are 75.5% men 24.5% women			
Of the 44,359 workwomen 6,466=14.6% are engaged half a days.				
B. Employees:				
German original-staff.....	22,791	94.9	9,753	94.2
Officially engaged people.....	374	1.6	447	4.3
Foreigners.....	849	3.5	156	1.5
Active employees in our works.....	24,014	100.0	10,356	100.0
	34,370 Those are 69.9% men 30.1% women			
Of the 10,356 feminine employees 719=6.9% are engaged half a days.				

January 8, 1945. Office Dr. Bertrams.

[Translation: Creutz/Altmann]

SECRET

State of the figures of the staff on December 1, 1944

Labourers:				
Male.....	150,789			
Feminine.....	44,359			
			195,148	
Of the 44,359 workwomen are engaged half a days 6,466 (enclosure 1 a).				
Employees:				
Male.....	32,890			
Feminine.....	10,356			
			43,256	
Of the 10,356 feminine employees are engaged half a days 719 (enclosure 1 a).				
Total			238,394	
Hereof are called in—				
Labourers.....	35,046			
Employees.....	8,876			
			43,922	
Foreigners (contained in the above figures):				
Labourers:				
Male.....	45,649			
Feminine.....	17,092			
			62,741	
Employees:				
Male.....	849			
Feminine.....	156			
			1,005	
			63,746	

Enclosure 1.

Enclosure 2.

State of the figures of the staff on December 1, 1944—Continued

Official engaged people (to our works) (contained in the above figures):

Labourers:				
Male.....	7,692			
Feminine.....	2,967			
			10,659	
Employees:				
Male.....	374			
Feminine.....	447			
			821	
			11,480	Enclosure 3.

In the above figures are *not* contained:

German loan-labourers.....		358		Enclosure 1.
Foreign loan-labourers.....		3,638		
Prisoners of war.....		9,483		Enclosure 4.
Forced labourers.....		372		
Prisoners of concentration-camps.....		6,944		
Armed forces convicts serving their time.....		346		

Until December 1, 1944, have been announced as killed in war:

Labourers.....	5,454			
Employees.....	875			
			6,329	
As missing:				Enclosure 5.
Labourers.....	1,439			
Employees.....	337			
			1,776	

January 8, 1945. Office Dr. Bertrams.

ANNEX 2

[Translation: Seybold/Werner]

SECRET

- (1) This is a state secret according to paragraph 88 of penal code.
- (2) It may be transmitted under closed cover only and in case of forwarding by mail it must be posted as "registered letter."
- (3) To be kept, under responsibility of the addressee, under lock and key.

Notification of aliens as per December 1, 1944 (included in the figures of staff)

Works	Workmen		Employees	
	Male	Female	Male	Female
Ludwigshafen/Oppau.....	5,574	2,122	69	9
Zweckel.....	57			
Embsen.....	61	5	2	
Prose.....	273	5		
Leuna.....	5,836	1,046	152	26
Niedersachswerfen.....	302	9	1	
Schkopau.....	3,349	572	60	5
Höchst.....	1,602	699	31	8
Gersthofen.....	154	5		
Mainkur.....	38	23		
Griesheim chem.....	264	25	3	
Griesheim Autog.....	192	56	2	
Griesheim Aussenw.....	121	1		
Marburg.....	114	78	1	1
Offenbach.....	71	76		
Leverkusen.....	2,768	1,524	28	7
Elberfeld.....	116	53		

Notification of aliens as per December 1, 1944 (included in the figures of staff)—Con.

Works	Workmen		Employees	
	Male	Female	Male	Female
Dormagen	723	947	8	1
Uerdingen	441	444	7	2
Döberitz	473	17	2	
Rheinfelden	103	16	3	1
Aken	586	144	4	1
Teutschenthal	87			
Stassfurt	651	29	3	1
Scharzfeld	27			
Bitterfeld	3,552	893	81	13
Wolfen-Farben	1,783	154	19	6
Wolfen-Film	2,070	2,328	55	17
Berlin-Treptow			1	1
Lichtenberg	197	242	2	1
Premnitz	884	1,065	10	
Bobingen	187	302	1	
Rottweil	769	379	2	
München	221	135	1	
Landsberg	618	352	3	3
Biebrich	342	296	7	3
Knapsack	422	88	1	
Grüneburgplatz	22	31	10	2
Heydebreck	3,642	529	63	15
Langelsheim	61	1		
Waldenburg	256		5	1
Auschwitz	6,640	2,401	212	32
Total	45,649	17,092	849	156

Total:

Male 46,498
 Female 17,248

January 8th, 1945. Office Dr. Bertrams.

ANNEX 3

Persons officially bound to be engaged in our works (included in the figures of staff as per Dec. 1st, 1944)

[Translation: Seybold/Werner]

Works	Workmen		Employees	
	Male	Female	Male	Female
Ludwigshafen/Oppau	500	307	85	5
Embsen	18	16	1	
Frose	24	3		
Heydebreck	997	132	33	24
Langelsheim	57	1		
Waldenburg	227		1	2
Auschwitz	910	44	49	70
Leuna	2,000	262	73	119
Niedersachswerfen	8		1	
Schkopau	1,434	494	56	51
Höchst	107	196	4	26
Gersthofen	22	14	1	2
Mainkur	50	113	2	5
Griesheim chem.	11	8	1	1
Griesheim Autogen	21	63		
Marburg	5	41		
Offenbach		9		
Leverkusen	60	7		
Elberfeld	3	2		
Knapsack	0			
Döberitz	120	1		2
Rheinfelden	0		1	
Aken	25	3		
Teutschenthal	7	1		
Stassfurt	53	6	1	
Scharzfeld	10			
Bittfeld	260	97	21	2
Wolfen-Farben	124			1
Wolfen-Film	11	77	17	1
Berlin-Treptow				25

Persons officially bound to be engaged in our works (included in the figures of staff as per Dec. 1st, 1944)—Continued

Works	Workmen		Employees	
	Male	Female	Male	Female
Lichtenberg.....	63	41	1	7
Premnitz.....	8	51	1	8
Bobingen.....	19	83	-----	2
Rottweil.....	20	23	1	-----
Landsberg.....	195	94	2	5
München.....	287	719	5	44
Berlin N W 7.....	-----	-----	2	1
Grüneburgplatz.....	11	2	14	44
Biebrich.....	23	57	1	-----
I. G. insgesamt.....	7,692	2,967	374	447

Büro Dr. Bertrams, January 8, 1945.

ANNEX 4

[Translation: Seybold/Werner]

Not included in the staff figures as per December 1, 1944

FOREIGN WORKMEN ON HIRE

	Number	Nationality
Lu./Oppau.....	596	Frenchmen, Belgians.
Waldenburg.....	20	Dutchmen.
Leuna.....	682	Frenchmen.
Höchst.....	667	Frenchmen, Belgians.
Mainkur.....	65	Belgians, Dutchmen.
Griesheim.....	88	Frenchmen, Belgians.
Griesheim Autogen.....	52	Belgians.
Offenbach.....	2	Do.
Biebrich.....	9	Frenchmen.
Leverkusen.....	131	Frenchmen, Belgians.
Dormagen.....	36	Frenchmen.
Knapsack.....	21	Dutchmen.
Rheinfelden.....	98	Belgians.
Aken.....	11	Frenchmen, Russians.
Bitterfeld.....	719	Frenchmen.
Wo-Fa.....	48	Do.
Wo-Film.....	161	Frenchmen, Dutchmen, Russians.
Lichtenberg.....	16	Danes.
Premnitz.....	1	Frenchman.
Bobingen.....	24	Do.
Rottweil.....	31	Do.
Landsberg.....	160	Do.
Total.....	3,638	

COMPULSORY LABOURERS

München.....	372	Poles.
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PRISONERS OF WAR

Lu./Oppau.....	3,381	Frenchmen, Poles, Russians, Italians.
Heydebreck.....	1,070	Englishmen, Russian, Frenchmen.
Auschwitz.....	488	Englishmen.
Leuna.....	1,289	Frenchmen.
Schkopau.....	410	Frenchmen, Russians.
Höchst.....	212	Legionaries, Frenchmen.
Gersthofen.....	57	Russians.
Griesheim.....	16	Do.
Griesh./Aut.....	80	Frenchmen, Dutchmen.
Offenbach.....	3	Frenchmen.
Marburg.....	134	Frenchmen, Russians, Belgians.

Not included in the staff figures as per December 1, 1944—Continued

PRISONERS OF WAR—Continued

	Number	Nationality
Biebrich.....	15	Frenchmen.
Leverkusen.....	328	Do.
Elberfeld.....	2	Do.
Knapsack.....	500	Russians.
Aken.....	119	Frenchmen, Russians.
Stabfurt.....	166	Russians.
Scharzfeld.....	129	Frenchmen, Russians.
Bitterfeld.....	725	Do.
Wolfen-Farb.....	97	Do.
Wolfen-Film.....	33	Indians.
München.....	50	Russians.
Premnitz.....	43	Serbs.
Rottweil.....	108	Italians.
Landsberg.....	28	Frenchmen, Italians, Serbs.
Total.....	9,483	

PRISONERS OF CONCENTRATION CAMPS AND CAMPS OF CORRECTION, AS WELL AS OF PENITENTIARIES

Auschwitz.....	3,897	
Leuna.....	2,070	
Wolfen-Film.....	425	
München.....	552	
Total.....	6,944	

PRISONERS BELONGING TO THE GERMAN ARMY

Ludwigshafen/Oppau.....	200	
Höchst.....	146	
Total.....	346	

Büro Dr. Bertrams, January 8, 1945.

Workmen and employees to July 1, 1941

Plants	Workmen	Employees
I. AMERICAN ZONE		
Höchst.....	8,540	2,560
Griesheim.....	815	185
Griesheim-Autogen.....	865	235
Mainkur.....	910	290
Offenbach.....	360	140
Marburg.....	565	135
Bobingen.....	1,340	110
Gersthofen.....	500	100
München.....	3,250	300
Oxygen-works:		
Heilbron.....	9	1
Karlsruhe.....	18	2
Stuttgart.....	27	3
Kassel-Bettenhausen.....	27	3
Bremen.....	18	2
Total.....	17,244	4,066
Biebrich, Kalle & Co. A. G.....	3,170	480
Goldbach, Fassholzfabrik Goldbach G. m. b. H.....	210	10
Karlsruhe, Deutsch-Koloniale Gerb- und Farbstoff G. m. b. H.....	120	30
Steeden, Steedener Kalkwerk Fink & Co. G. m. b. H., Limburg/Lahn.....	(1)	(1)
Messel, Gewerkschaft Messel Grube Messel bei Darmstadt.....	560	40
Biebrich (management and sale).....		500
Frankfurt (management and sale).....		3,050
Gendorf, Anorgana G. m. b. H.....	(1)	(1)
Burghausen, Dr. Alexander Wacker Gesellschaft für elektro-chemische Industrie, München Werk Burghausen.....	2,181	381

¹ Figures not available.

Workmen and employees to July 1, 1941—Continued

Plants	Workmen	Employees
I. AMERICAN ZONE—continued		
Roethenbach, Dr. Alexander Wacker Werk Roethenbach.....	10	3
Kempton, Dr. Alexander Wacker Werk Kempton.....	(1)	(1)
Stetten, Dr. Alexander Wacker Werk Stetten.....	42	5
Mannheim-Neckarau, Rheinische Gummi- und Celluloid-Fabrik.....	2,150	410
II. FRENCH ZONE		
Ludwigshafen.....	15,000	4,250
Oppau.....	11,850	3,150
Rheinfelden.....	470	80
Rottweil.....	1,975	175
Total	29,295	7,655
III. ENGLISH ZONE		
Leverkusen.....	11,900	3,350
Elberfeld.....	1,060	290
Dormagen.....	3,835	365
Uerdingen.....	2,420	570
Zweckel.....	85	15
Embsen.....	130	20
Langelsheim.....	176	25
Total	19,665	4,635
Hüls, Chemische Werke Hüls G. m. b. H.....	8,000	2,000
Knapsack, Aktiengesellschaft für Stickstoffdünger.....	2,300	300
Duisburg, Duisburger Kupferhütte.....	1,700	300
Hüls, Gewerkschaft Auguste Viktoria.....	4,600	400
Frechen, Rheinische Braunkohlengruben, Grube Wachtberg.....	910	90
Leverkusen (sale).....		150
Uerdingen (sale).....		150
IV. RUSSIAN ZONE		
Leuna.....	25,000	4,000
Niedersachswerfen.....	410	40
Schkopan.....	6,650	1,350
Döberitz.....	420	30
Aken.....	1,500	200
Teutschenthal.....	265	35
Stassfurt.....	1,075	75
Bitterfeld.....	9,000	1,650
Wolfen-Farben.....	3,900	900
Wolfen-Film.....	10,000	1,750
Berlin-Treptow.....	350	250
Berlin-Lichtenberg.....	1,235	165
Premnitz.....	3,920	330
Frose.....	225	25
Total	63,950	10,800
I. G. Gruben.....	13,800	1,800
A. Riebeck'sche Montanwerke AG, Halle a. d. Saale.....	10,250	1,150
Berlin (management and sale).....		1,950

¹ Figures not available.

Workmen of various large works as per July 1, 1941

	Learned	Assist- and workers	Craft- men	Stockers engine- men	Female workers	Appren- tices	Total
Höchst.....	4,475	80	2,170	325	1,320	170	8,540
Leverkusen.....	6,155	145	2,500	250	2,500	350	11,900
Ludwigshafen.....	7,200	900	4,450	300	1,800	350	15,000
Oppau.....	6,820	330	3,200	380	1,060	60	11,850
Leuna.....	9,650	3,750	8,700	900	1,380	620	25,000
Bitterfeld.....	4,900	360	2,200	650	880	10	9,000
Wolfen-Film.....	4,320	160	1,360	210	3,840	110	10,000
Schkopan.....	3,100	750	2,000	140	460	200	6,650

FRANKFURT-a.-M., July 6, 1945.

Workers and office workers of I. G., October 1, 1944

	Workers	Office workers	Total
I. G. plants.....	180,800	36,200	217,000
On the army.....	38,400	8,200	46,600
Total.....	219,200	44,400	263,600
I. G. mines and Riebeck.....	19,300	2,200	21,500
On the army.....	4,200	500	4,700
Total.....	23,500	2,700	26,200
I. G. plants and mines.....	242,700	47,100	289,800
The figures contain all I. G. plants and offices except Moos- bterraum (ch. 2,000).			
Besides are included:			
Biebrich.....	3,899	1,006	4,905
Knapsack.....	2,697	335	3,032
Total.....	6,596	1,341	7,937

FRANKFORT-a.-M., August 21, 1945.

EXHIBIT No. 24

Expenditure on research, by years

Year	Group I, mill. R.M.	Group II, mill. R.M.	Group III, mill. R.M.	Total I. G., mill. R.M.	Engaged in research work ap- proximate
1927.....	106.2	40.6	7.2	154.0	1.000
1928.....	91.9	40.4	8.0	140.3	1.050
1929.....	82.5	47.9	6.8	137.2	1.100
1930.....	56.6	38.0	5.3	99.9	1.100
1931.....	33.1	32.5	4.4	70.0	1.050
1932.....	10.0	26.8	3.7	40.5	1.000
1933.....	13.6	25.4	3.8	42.8	1.000
1934.....	17.0	22.1	4.7	43.8	1.020
1935.....	17.9	33.6	5.6	57.1	1.060
1936.....	23.6	37.6	6.8	68.0	1.100
1937.....	25.9	46.2	10.1	82.2	1.150
1938.....	32.1	53.9	7.3	93.3	1.200
1939.....	37.7	54.9	7.9	100.3	1.250
1940.....	39.9	57.5	8.5	105.9	1.290
1941.....	35.5	65.8	7.9	109.2	1.250
1942.....	31.2	65.4	8.7	105.3	1.250
1943.....	31.37	70.0	6.3	107.6	1.100
Half 1944.....	33.7	62.0	6.6	102.3	1.000
x2.....					

FRANKFURT-a.-M., July 9, 1945.

EXHIBIT No. 25

Expenditure on research, by items

[Mill. R.M.]

	1936	1940	1942	1943	Half year 1944, x 2
Laboratory expenses.....	30	46	46	45	43
Special test cases.....	16	32	36	39	36
Dyeing expenses, cooperators, patents, li- cences.....	9	12	14	15	15
New lines.....	14	16	9	9	8
Total.....	69	106	105	108	102

Expenditures on research—Continued

[Mill. RM.]

	1936	1940	1942	1943	Half year 1944, x 2
Total number of chemists and physicists . . .	2, 223	2, 911	3, 008	3, 043	3, 050
In the army		300	246	310	321
Working	2, 223	2, 611	2, 762	2, 733	2, 729
Engaged in research work, approximate . . .	1, 100	1, 290	1, 250	1, 100	1, 000
Engineers and other scientists	739	1, 162	1, 304	1, 289	1, 313
In the army		90	74	77	85
Working	739	1, 072	1, 230	1, 212	1, 228

FRANKFURT-a.-M., July 7, 1945.

EXHIBIT No. 26

Expenditure on research—Synthetic rubber (Buna)

	Mill. RM.		Mill. RM.
1927	0, 1	Four-year plan, Oct. 20, 1936:	
1928	2, 7	1936	3, 1
1929	3, 3	1937	6, 8
1930	2, 4	1938	8, 7
1931	0, 7	1939	6, 8
1932	0, 3	1940	6, 9
1933	0, 4	1941	7, 8
1934	0, 9	1942	8, 8
1935	2, 0	1943	8, 7
		1944	8, 0

Frankfurt-a.-M., July 9, 1945.

EXHIBIT No. 30

AN ANALYSIS OF FARBEN'S OVER-ALL ORGANIZATION

The present exposé (annex 1-3) deals with the manufacturing plants of I. G. situated in the American and British areas of occupation. The details are limited to the main manufacturing plants on the upper and lower Rhine (Ludwigshafen Oppau) and to the works of the Main area. It comprises only such works which are actual property of I. G. working under the name of the I. G., i. e. the works of the concern companies are not included, even if the interest amounts to 100 percent. A subsequent exposé will also include the minor I. G. works and concern companies situated in the American and British areas of occupation. Finally, a further exposé will deal with I. G. works and works of concern companies situated in the Russian area of occupation.

To facilitate an understanding of these and subsequent exposés and tables attached, it appears to be advisable to give a short résumé of the general construction of I. G. as regards its organisation, technical and commercial structure.

The legal domicile of the firm is Frankfurt. However, that does not imply that the firm is centrally guided from Frankfurt. In Frankfurt, central functions were only exercised by the following departments which, together with the dyestuffs and chemical departments, were domiciled in the "Hochhaus am Grüneburgplatz":

Central bookkeeping department

Central taxation department

Central insurance department

Office of the central committee (dealing especially with questions of the leading staff)

Office of the technical committee (Tea-Büro). The Tea-Büro is the technical secretariate of the technical committee. The Tea-Büro is preparing the committee meetings; the works continuously submit to them figures of

production, number of hands employed, calculations, registration of new manufacturings together with estimates, etc.

Various other departments exercising central functions on behalf of I. G. are domiciled in Berlin. This applies particularly to the central finance administration and the central purchasing department. The "Central Department for Contracts and Agreements" is domiciled at Ludwigshafen. All contemplated contracts and agreements were submitted to this office in order to avoid any overlapping with regard to previous engagements.

The principle of the organisation of the firm may be described as follows. The *decentralising* of the commercial and technical management according to regional or material aspects, *concentration* of responsibility and safeguarding of a uniform policy of business on a personal basis, i. e., in the board or committees appointed by the latter. The following explanation, may serve a useful purpose in this connection.

A. *Technic and production*

(1) *Technical management and organisation of the works.*—The works and lines of manufacture of I. G. are divided in two directions as to the organic structure of the firm.

(a) General policy of production, projected manufacture, and research work: Regarding the treatment of all principal matters concerning production, projected manufactures, and research work, the manufacturing fields of I. G. and its concern companies were divided into 3 groups ("Sparten").

Sparte I comprising nitrogen, gasoline, mineral oils, and coal mines (leader: Dr. Schneider).

Sparte II comprising dyestuffs, anorganic and organic chemicals, metals, pharmaceutica (leader: Dr. ter Meer).

Sparte III comprising photographica and artificial fibres (leader: Dr. Gajewski).

In case the respective leaders could not make independent decisions on questions concerning their group, the technical committee was competent. Under the leadership of Dr. ter Meer, the latter consisted of the other two Sparten-leaders and a number of works managers and leading technicians. The technical committee was responsible to the board of I. G.

(b) Regional formation: All works of I. G. in Germany are regionally divided into works combines ("Betriebsgemeinschaften"). There is a total of 4 works combines, i. e.—

Betriebsgemeinschaft Niederrhein:

Leverkusen
Uerdingen
Elberfeld
Dormagen
Farchwitz

Betriebsgemeinschaft Oberrhein:

Ludwigshafen/Oppau
Schkopau
Zweckel
Waldenburg
Heydebreck
Frose
Steeden
Karlsruhe

Betriebsgemeinschaft Maingau:

Höchst
Griesheim (with numerous works scattered over the Reich producing liquid oxygen)
Mainkur
Offenbach
Gersthofen
Marburg
Eystrup
Neuhausen
Knapsack

Betriebsgemeinschaft Mitteldeutschland:

Merseburg/Leuna
Niedersachswerfen
Schkopau (Buna)
Bitterfeld
Wolfen/Farben
Doeberitz
Rheinfelden
Aken
Stassfurt
Teutschental
Scharzfeld
Leipzig
Wolfen/Film
Premnitz
Eilenburg
Bobingen
München
Rottweil
Landsberg
Lichtenberg
Eiebrich

In addition: Administration of coal mines acting on behalf of Central German lignite mines, lignite mines of the Rhine district, Augusta Victoria mine (Ruhr-district).

The above compilation in respect of Reich territory as from the end of 1937 includes only such works which are entirely owned by I. G. and works of the so-called "Organ-Gesellschaften" (a term of taxation regulations). Moreover, the works of concern companies and investments are also belonging, according to domicile, to the respective works combines, but are not included in this compilation. The Organ-Gesellschaften represent a special legal form of sister companies according to an agreement which is recognized by the taxation authorities according to which any profits and losses are taken over by I. G. and appear in their balance sheet.

The main purpose of forming such working combines was to assure uniformity in the management of the works which are situated in the same territory as regards administration, in question of social policy, power supply, etc. In some individual cases there were deviations in attaching certain works to a works combine according to purely regional aspects. For instance, the works of Rheinfelden, situated on the upper Rhine near the Swiss frontier, was attached to the working combine of Central Germany. Such deviations can only be understood in consideration of the historic structure of the firm.

The Tea-Büro of Frankfurt was in possession of a comprehensive survey regarding the various manufacturing plants, their products and cost-prices.

(2) *Distribution of the various lines of manufacture to the respective works.*—When considering the present distribution of lines of manufacture of the whole I. G. to the individual works and the fields of activity of the individual works with their generally prevailing manifold of production, it is essential to consider three main factors, i. e.:

(a) First of all, it has to be considered that it concerns the works, the origin of which dates back to about 1860 and that these old works were working independently in a wide sense for many years precedent of the fusion of 1925/26, irrespective of the obligation laid down in the agreement of community of interests (Interessengemeinschaft) of 1904 and the agreement of 1916 concerning the 11 previous I. G. firms. They were also acting independently regarding taking up of new lines of manufacture. This applies particularly to the works in Western Germany. The present distribution of manufacture may, to a certain extent, be understood by *the historic structure of the firm*.

(b) After the fusion in 1925/26, i. e. after melting the 11 previous I. G. firms into the pool of I. G. Farbenindustrie Aktiengesellschaft comprehensive measures to *rationalize production* were effected. These measures included particularly an adjustment of capacity to declined sales possibilities which were in many respects due to the conditions prevailing after the first Great War, in joining manufacturing plants of various works producing the same products and, quite generally, in adopting measures to improve production and reduce the respective cost prices. Special initiative to apply the latter measures presented itself in the crisis of world trade prevailing in the following years.

(c) In the formation of *new works* after the fusion the emplacement of these works and their line of manufacture was guided by technical and economical circumstances.

The manifold of the various lines of manufacture of the respective works is closely connected to the cooperation of these factors. This applies in particular to the fact of extensive technical and economical *engagement* of the works between themselves and their *dependency* on each other. The following examples may illustrate this in detail:

(a) The works of Leverkusen produce in the line of Sparte II: Dyestuffs, chemicals, pharmaceutica in the line of Sparte III: Photo papers.

(b) The works of Höchst produce in the line of Sparte I: Artificial fertilizers, lubricating mineral oils; in the line of Sparte II: Dyestuffs, chemicals, pharmaceutica.

(c) The dyestuffs plants of Höchst, Mainkur and Offenbach are only to a small extent producing their own organic intermediates required for the manufacture of dyestuffs. The same applies to organic intermediates which are required by the pharma plant of Höchst. This is based on the fact that the manufacture of organic intermediates was, to a large extent, concentrated in Leverkusen as a result of measures of rationalism effected after the fusion. Leverkusen now supply the other works with the respective intermediates.

(d) Whilst before the fusion certain dyestuffs were produced by two or more plants (each of the 11 legal predecessors of I. G. had their own manufacturing plant) the total production of dyestuffs was, after the fusion organised in such a way that each dyestuff was produced in principle by one plant only. Only when disposing of the total production of dyestuffs of the various I. G. works, the present

comprehensive I. G. assortment of dyestuffs is being attained. The selection of the respective emplacements of manufacture of the various dyestuffs was effected according to aspects of technical and economical importance. The total assortment of I. G. dyestuffs comprising in pre-war times approximately 2,500 independent chemical individuals, on the basis of approximately 4,000 intermediates, and approximately 12,000 commercial types, is being distributed in general lines as follows:

Leverkusen.—Azo-dyestuffs, Triphenylmethan-dyestuffs, Alizarin-dyestuffs.

Ludwigshafen.—Vat dyestuffs, Indigo, lacquered dyestuffs.

Höchst.—Azo dyestuffs, Triphenylmethan dyestuffs, Alizarine dyestuffs, provided they are not manufactured at Leverkusen.

Mainkur.—Sulphur dyestuffs.

Offenbach.—Naphtol AS products.

The principle of producing certain products or certain groups of products at one plant only according to the best possible conditions of manufacture, was widely applied in the other lines of manufacture of the respective "Sparten," too. This applies in particular to the production of chemicals in the wider sense and in respect of pharmaceutica. For instance, with the exception of aspirine and acetyl salicylic acid, there is no pharmaceutical product produced at Höchst which is also produced by Leverkusen or Elberfeld, and vice versa. This principle was not applied to heavy chemicals such as sulphuric acid, chlorine, alcaly products, etc., because forwarding expenses were a deciding factor in this respect. The installations of manufacturing plants which were closed down were, same as in case of dyestuffs and other lines of manufacture, either scrapped or used otherwise.

3. *Financial position of the works and accountancy.*—To illustrate the position of the works within the limits of the total organizations of the concern two characteristic features have to be observed, i. e.:

(a) In principle, no works have their own sales organization

(b) No works show up any profits.

Each work is, therefore, in a way, only a manufacturing plant of the whole company and no economic unit, bearing the character of a firm.

On this basis one cannot talk about a special balance of profits and loss of any individual works. All works operate with the plants and installations laid down in the books of the Central Bookkeeping Department of Frankfurt for preparing the annual balances. Each works have their own expenditure for raw materials and other material, power, wages and salaries, local expenditure, etc. However, there is no income, but the total output is being debited at cost price to the competent sales combine (Verkaufsgemeinschaft), (see part B)—provided it concerns the sales of actual merchandise, or by clearing on account of the Central Bookkeeping Department to some works of I. G., in the same extent as these works were supplied with basic materials for processing.

Since there are current expenditures but no income available, the requirement of money by the works must be financed otherwise. Financing is effected by transfers of the Central Finance Administration to the works on account of periodically established financial schemes and their application for monetary requirements. When fixing these monetary requirements, it has to be considered that part of the raw-material requirements is being purchased by the Central Purchasing Department in Berlin, which also pay for these out of means put at their disposal by the Central Financial Department. The works are debited in respect of these raw materials at the purchasing value. In case of the different materials are not being purchased by the Central Purchasing Department, the respective works do not buy independently, but there is a further Central Purchasing Department for each of the 4 working combines. This Central Purchasing Department is competent to cover the requirements of the respective materials for all works belonging to the works combine (Betriebsgemeinschaft); apart from that, the works are only purchasing in narrow limits. The financial means required by the Central Purchasing Departments of the works combines are also put at the disposal by the Central Financial Administration

The above function of the respective works as mere plants of production may, therefore, be analysed that moneys received directly by the Central Financial Administration, or indirectly in form of purchases of raw materials of Central

Purchasing Department, or indirectly in form of an equivalent for other materials purchased by the Central Purchasing Department of the works combine, or by supplies received from other I. G. works will be converted into merchandise. This merchandise is put without any profit at the disposal of a sales combine (Verkaufsgemeinschaft) or some other works.

B. Sales organisation

It was explained in part A that in principle no I. G. works dispose of an own sales organisation, but the works put their total production, immaterial of the line of manufacture, at cost price at the disposal of the sales combine. These sales combines are thus distributors of the works showing the characterising feature that any profits, i. e., the difference between the cost price of the works and the proceeds, will be shown up by the sales combine: the proceeds are arrived at after deduction of expenses incurred to the respective sales combines. This profit will subsequently be transferred from the books of the sales combine to the books of the Central Bookkeeping Department. The liquid means were so far transferred to the Central Financial Administration in Berlin, which acted as trustee of the total concern in respect of these means.

There are the following sales combines:

(1) Verkaufsgemeinschaft Chemicals dealing with the sale of I. G. production of an organic and organic chemical products, solving agents, plastics, buna, metals, tanning agents. (Leader: Dr. von Schnitzler. Domicile of the Verkaufsgemeinschaft is Frankfurt.)

(2) Verkaufsgemeinschaft Dyestuffs, Auxiliaries, Textile Finishing agents and raw Materials for Detergent purposes. (Leader: Dr. von Schnitzler. Domicile of the Verkaufsgemeinschaft is Frankfurt.)

(3) Verkaufsgemeinschaft Pharmaceutica and Insecticides. (Leader: W. R. Mann. Domicile: Verkaufsgemeinschaft at Leverkusen, at present Dillingen, Oberstdorf and Homberg.)

(4) Verkaufsgemeinschaft Photographica, Smelling Products and Artificial Fibres. (Leader: W. Otto. Domicile: Verkaufsgemeinschaft in Berlin, at present Dillingen/Donauwörth.)

(5) A special arrangement was made in respect of the sales of the products under Sparte I to the effect that—

Gasoline and mineral oils were sold by the department "*Mineral Oil*," Berlin, which in this sense also represents a sales combine.

Nitrogen products for fertilizing and technical purposes by the *Stickstoff-Syndikat G.m.b.H.*, Berlin, in which I. G. is participating to a major extent.

Raw material for detergent purposes by the *dyestuff sales combine* of Frankfurt.

Other chemical products according to Sparte I by the *Chemical Sales combine of Frankfurt*.

This statement on the sales combines shows that the working field of the sales combine is not the same as the respective working fields of the 3 technical groups (Sparten). As mentioned above, the production of each work comprises products of various technical groups. On the other hand, it will be seen from the example of dyestuffs that no work comprises all products of the same technical group. For this reason, the necessity was prevailing to have some uniform channel by which the goods may be distributed to the customer and consumer. When selecting the products allotted to the respective sales combines, this was mainly effected from the aspect of concentrating products of even chemical character and even lines of application, as it will be seen from the above mentioned cases of dyestuffs and pharmaceutics. When establishing the lines of the respective sales combines, there were, in addition, certain facts taken into consideration resulting from the necessity of rendering expert advice to consumers in the application of the various products or in the endeavour to deal with the same clientele, if possible, from one place only. In certain cases, e. g. when combining photographs with artificial fibres, fecto of personal kind or which were based in the historic development of the firm were of some importance.

Only for completeness' sake, it may be mentioned that in certain case I. G. products are not directly sold by the competent sales combine to the customer, but separate firms engaged in sales were acting as mediators; third firms of pro-

ducers were also participating in such firms similar to the case of Nitrogen-Syndicate. In this connexion the following examples may be mentioned:

Of the I. G. works in Western Germany, only the following 8 works are being considered at present:

	Number of hands employed July 1941	Daily consumption of coal in tons (1939)	Saldo des Vermögens in mill. R.M. ¹
1. Leverkusen.....	16,000	700	178
2. Uerdingen.....	4,000	140	46
3. Elberfeld.....	1,300	45	17
4. Höchst.....	12,000	455	145
5. Griesheim.....	1,000	100	16
6. Mainkur.....	1,200	60	11
7. Offenbach.....	660	35	14
8. Ludwigshafen/Oppau.....	35,600	2,400	532
Total.....	71,760	3,935	959

¹ As shown up in the Central Bookkeeping Department. As mentioned on page 12 in respect of annex 1, all installations are valued at the booking value.

The extent of new investments during the last years was different in respect of the various works. This circumstance and the fact that older installations have widely been depreciated accounts for it that it is not quite possible to derive at the inner value of the works installations from the above-mentioned balance of capital (Saldo des Vermögens).

² In addition 2,000 daily tons of coke.

Veroxam G. m. b. H., Frankfurt a. M.

Elpro G. m. b. H., Frankfurt a. M.

Deutscher Soda—und Ätznatronverband, Berlin,

Deutsche Gesellschaft für Schädlingbekämpfung, Frankfurt a. M.

Uniform procedure in the home and foreign sales, uniformity of price policy and in questions of trade policy, etc., was guaranteed by means of the "Commercial Committee." Leader of the "Commercial Committee" was Dr. v. Schnitzler. This Committee consisted, apart from the other leaders of the above mentioned sales combines, of a further number of leading sales managers. This Committee was responsible to the board of directors.

The extent of the I. G. sales organisation comprised by these sales combines may be illustrated by the following figures:

Number of persons employed before the war (approximate)

Employed by:

Chemical sales combines.....	2,500
Dyestuffs sales combines.....	
Pharma sales combines.....	1,000
Sales combine Photographica and Artificial Fibres.....	900
Department Mineral Oils, Nitrogen Syndicate.....	1,900

6,300

Furthermore there were employed in the home sales organisations of the various sales combines.....

2,500

8,800

The number of persons (including foreigners) employed by the foreign sales organisations amounted to.....

6,000

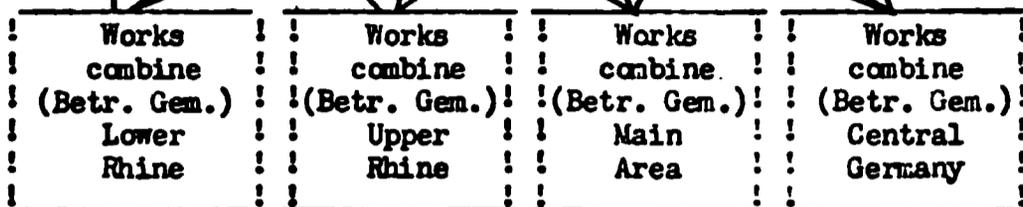
Total..... 14,800

The functions in the process from the stage of projected manufacture and the manufacture itself until the stage of showing the sales proceeds and the profits in the books of the Central Bookkeeping Department or until transferring the proceeds resulting from home and export sales to the Central Financial Administration will be shown in brief in the following scheme:

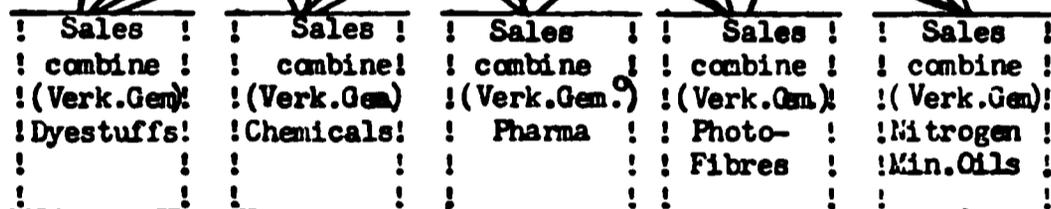
Projected manufacture:



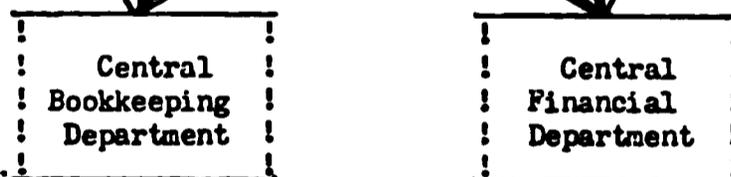
Manufacture:



Sales



Result of the above process:



With reference to the aforementioned scheme of organisation of the firm (part A and B) and to the explanations given in respect of the functions of the most important institutions of this organisation, the following annexes are attached hereto:

Annex 1.—A compilation of the 8 Western German I. G. works mentioned in this exposé. It is stated in respect of each works the *number of workmen and employees* engaged on 1st July, 1941. (There are no other figures available at present. The figures in respect of 1941 do not differ materially from prewar figures.)

The daily consumption of coal—basis 1938/39.

The balance of capital (Saldo des Vermögens) as per the end of 1943 shown up in the accounts of the Central Bookkeeping Department. The balance of capital

represents the sum of value of installations, stocks of raw and other materials and actual merchandise, provided the latter was not debited to the sales combine at the time, claims and liquid means after deduction of liabilities, all referred to the respective works. (The installations are only shown up as booking value while the stocks are shown up at cost price.)

These supplementary statements in respect of each work represent as a whole an idea of the importance of the objects in question, their general capacity and the social importance of the individual works within their local area and from a general point of view.

Annex 2 (pages 1 to 18).—A survey of the main fields of production and the actual output in 1493 and capacity in each line of production of the various works.

Annex 3 (pages 1 to 9).—A survey on such products or main lines of production showing in a typical way the *engagement* of one work to another or the *dependency* of the works between themselves is given in respect of the 8 works being dealt with. This engagement or dependency may exist in respect of supplies of necessary intermediates or other materials at cost price; in respect of supplies of such products, which may actually be considered as merchandise, for supplementing assortments or mixing purposes, or serving as components in the manufacture of other products, or in respect of any technical assistance; or manner not otherwise provided for.

This exposé, together with annexes, was prepared in cooperation by the gentlemen:

Borgwardt
Dencker
von Heider
Kraus
Dr. Kugler
Dr. Struss

in accordance with the leaders of the works Höchst (Prof. Dr. Lautenschläger), Leverkusen (Dr. Haberland), Ludwigshafen/Oppau (Dr. Wurster), Mainkur (Dr. Giessler). It was prepared truly and according to best of knowledge and believe. This declaration is signed by

von Heider
Dr. Kugler
Dr. Struss.

FRANKFORT-ON-the-MAIN, June 19, 1945.

EXHIBIT No. 37

[Translation]

MEMORANDUM REGARDING OWNERSHIP OF FARBEN'S COMMON STOCK FROM
DR. BANNERT TO DR. KERSTEN, FEBRUARY 18, 1938

DIVISION ON ECONOMIC MATTERS

Memorandum to Dr. Kersten.
Re: Ownership of I. G. common stock.

In 1934 we made a survey on how redemptions of our dividend warrants for 1933 were divided up according to regions by sending out questionnaires to the more important establishments redeeming our securities. This survey covered 90 percent, i. e.:

607 million R.M. par value of I. G. common shares, entitling to dividends,
of the—

680 million R.M. par value of I. G. common shares.

The results of this survey together with supplementary estimates reveal the following distribution of I. G. stock in Germany and abroad:

German-owned about 87 percent.

Foreign-owned about 13 percent.

In distinguishing between German ownership and foreign ownership, the domicile of the stockholders who presented their shares was the governing factor. In relation to the whole of the common stock entitling to dividends, foreign holdings accounted for 88,000,000 R.M. This sum, of course, also includes such shares as are held abroad by subsidiaries of German firms or by foreign business connections (Basle, New York).

Foreign holdings are distributed among the more important countries as follows:

	I. G. common stock par value in millions of R.M.	Percent of the original capital ¹
Switzerland.....	24.3	3.67
England.....	19.9	2.93
Holland.....	7.4	1.09
U. S. A.....	4.8	0.71
Spain.....	3.1	0.46
Czechoslovakia.....	3.0	0.44
Belgium-Luxembourg.....	1.0	0.15

¹ The percentage figures were added in pencil. Another pencil mark "ZDA" followed by an illegible signature is apparently an abbreviation meaning "To files."

It has been asserted that I. G. stock is held by a comparatively few large shareholders. This contention is refuted by data furnished by a large German bank in regard to deposits of its customers and the number of deposits. (Confidential: This large Berlin bank is the Deutsche Bank.)

By mid-1934 customers of the above-mentioned bank had deposited I. G. common stock in the amount of 107,240,000 R.M. par value, this amount representing approximately one-sixth of the original capital. This stock was deposited in 6,403 individual accounts, which means that the average amount of each account was 16,700 R.M. par value of I. G. common stock.

The figures obtained from the above-mentioned survey, which are still available, are of no further value in this respect as they represent only the sum total of the collected material. Neither is the attendance list of the regular general meeting of the shareholders of any value as the small shareholders are not represented individually but only collectively by the large banks, which exercise voting rights for all accounts deposited with them.

[S] DIVISION ON ECONOMIC MATTERS.
BANNERT.

Dr. B./B8./5 Ex.
FEBRUARY 18, 1938.

EXHIBIT No. 40

STATEMENT BY DR. VON SCHNITZLER ON FARBEN'S STOCKHOLDERS' MEETINGS

AUGUST 16, 1945.

In the last twelve years, the general assembly of I. G. had become a pure formality; all the decisions were agreed upon unanimously on the proposal of the chairman and no discussion has ever taken place. I think, in all those years, perhaps a total of half a dozen questions have been asked, mostly on sidelines of no decisive importance. The chairman, formerly Mr. Bosch and later on Mr. Schmitz, gave a short report about the general situation of the firm and then the legal formalities were fulfilled. With all the formalities, the counting of the votes, all lasted about one-half to three-quarters of an hour.

GEORG VON SCHNITZLER.

CHAPTER II¹

EXHIBIT No. 1

"TARNUNG" (camouflage) OF GERMAN AGENCIES ABROAD (Translated by Dr. KÜPPER)

In the time after the first war we more and more came to the decision to "tarn" our foreign selling companies, i. e., to establish such companies as firms of the law of the country concerned and to distribute the shares of these firms in such a way that the participation of I. G. in these firms was not shown. In the course of time the system became more and more perfect and was modified according to the conditions prevailing for the time being so that even a thorough investigation could not find any material that there was an indirect connection with I. G. This system of "Tarnung" applied practically only to our selling companies, plants mixing dyestuffs, and some pharmaceutical factories. For the rest of the factories, all of which were companies established under the law of the country concerned, the necessity of "Tarnung" generally was not given. Neither the angle of the tax situation nor the other reasons hereinafter given prevailed for them. A special case was only Spain where the legislation for the protection of industry forced us not openly to show at least a part of our participation.

The "Tarnung" in the past has not only been of great advantage in the commercial and tax situation which figured in many millions, but also in the consequence of this war the system "Tarnung" gave us the chance in a large scale to secure our organization, the investments, and the advance on our outstanding claims.

In case of gaining this war, the mighty situation of the Reich will make it necessary to reexamine the system of "Tarnung". Politically seen, it will often be wished that the German character of our foreign selling companies is openly shown. In this respect already before this war strong wishes of the A. O. became loud, which naturally after a war gained will become a clear demand. Already now, for instance, Gauleiter Hess of the A. O. has asked openly to acquire the shares held by neutral shareholders in the Chemdyes, Ltd. We hereto gave detailed also written report with the result that such demand was taken back. The A. O. in a letter to the Reichsgruppe Industrie also suggested that further plans of "Tarnung" are not liked and therefore refused.

It is therefore necessary carefully to examine the system of "Tarnung" in every respect. As fundamental principle may be stated that for justifiable political purposes the German character of our foreign agencies should be shown everywhere where strong objections on the base of financial reasons of national importance cannot be made and where an "Enttarnung" (finishing of the "Tarnung") would practically not endanger the export to the countries in question.

I. REASONS OF THE "TARNUNG"

(1) On the head tax reasons. The foundation of branch offices or subsidiaries would have meant an establishment of I. G. The taxes to be paid for such establishments much higher than those of independent companies.

(2) The danger of war forced us to secure our organization and assets by "Tarnung." This system enabled us to maintain our selling organization, to secure our investments, and an advance on our outstanding claims.

(3) In the first years after the first war, the weakness of the Reich made it advisable to give our selling organization the national character of the country concerned.

(4) Commercial reasons also. "Tarnung" as protection against boycott. The customers preferred to buy from national firms.

(5) A branch office or a subsidiary forced to show the details of I. G.'s balance and profit and loss account.

(6) A branch office or subsidiary being under aggravated control under the foreign currency regulations of the country concerned.

¹ Exhibits 5, 6, 7, 8, 9, and 10 are filed with the committee.

(7) The U. S. A. Antidumping Act of 1921. Price invoiced to U. S. A. to be compared with (a) foreign market value or (b) price invoiced to countries other than U. S. A., or (c) the cost of production.

For I. G. important that prices invoiced to U. S. A. only be compared with the prices invoiced to countries other than U. S. A. Hereto the Act of 1921 says that only prices to free and independent customers can be compared. Therefore the foundation of free and independent importers in Canada and Australia.

Law for protection of industry in Spain. Big advantages in respect of taxes and duties to national industries only, i. e., to such in which there is no foreign participation higher than 25%. Therefore, the half of our 50% participation in the Fence given to Unicolor which latter, of course, was "Tarned."

II. REASONS OF "TARNUNG" IN THE FUTURE

For the future the following reasons will no longer prevail:

- (1) The securing against war losses, as there will be a long time of peace.
- (2) The position of the Reich strong enough to protect any German interest.
- (3) Commercial reasons (boycott, etc.) not decisive.
- (4) Advantage of firms of national character in dealing with the authorities of the country concerned not so important as the political reasons which will make the "Enttarnung" (finishing of "Tarnung") advisable.

For the rest the situation in every country has to be carefully examined.

(1) The U. S. A. Antidumping Act will remain. Therefore, continuing of the "Tarnung" in Australia and Canada, just to have two free and independent importers in these countries.

(2) The law of protection of industry in Spain will remain. Therefore, continuing of the "Tarnung" in Spain.

(3) For the decision, if we may run the risk to found an establishment (i. e., branch or subsidiary of I. G.) will be important to what extent the taxes will be higher—

(a) In relation to the countries in which our proposal as to tax regulations in the peace treaties will become practical there is no need of "Tarnung." It will no more be necessary to show to details of I. G.'s balance. And the percentage of I. G.'s turn-over on the base of which the taxable profit of I. G. in such countries will be calculated will be a reasonable one. If this percentage will be 5%, already then, the taxes of I. G. to be paid in such countries will be higher. But such a percentage of 5% must be considered as reasonable.

(b) For other countries individual examination. In those countries in which I. G. has already to pay taxes on the reason of having an establishment the "Tarnung" may be finished. Such countries are: Great Britain, Ireland, Roumania, Italy, Norway, Bulgaria, Hungaria.

For a number of other countries we made a calculation of the amount to which I. G. should have to pay higher taxes, if I. G. would have an establishment in such countries. (As tax rate 30% of the profit, as profit 5% of the turn-over only.)

	<i>Reichsmarks</i>		<i>Reichsmarks</i>
Jugoslavia.....	75,000	Holland.....	108,000
Greece.....	12,000	France.....	79,000
Switzerland.....	45,000	Spain.....	45,000
Denmark.....	53,000		
Sweden.....	77,000	In all.....	576,000
Belgium.....	72,000		

Therefore considerable higher taxes. In the other hand it may be taken that our proposals as to the tax regulations in peace treaties will become practical in relation to France, Holland and Belgium.

For British India special situation. Here foreign companies have to pay 45% super tax instead of 6.25% for British companies. In addition the estimate of our taxable profit would be very high. Therefore, higher taxes in British India. 1-2 million Reichsmark a year. In addition, in British India all details of I. G.'s balance would have to be given. Therefore, "Tarnung" in British India would be continued if there can't be made the following international agreements with British India:

(1) According to I. G.'s proposals as to tax regulations in peace treaties, super tax would be the same as for Indian companies.

(2) No higher percentage than 5% of the turn-over as taxable profit.

(3) No details of I. G.'s balance to be given.

Such agreement will depend on which way British India will take.

As result:

"Enttarnung" (finishing of the "Tarnung") in Great Britain, Ireland, Italy, Hungaria, Roumania, Bulgaria, and Norway. The same in relation to countries to which our proposal as to the tax regulations in the peace treaties will apply and in relation to countries under political influence of the Reich.

In British India, Canada, and Australia continuing of the "Tarnung."

III. IN WHAT FORM WILL THE "ENTTARNUNG" TAKE PLACE

To be carefully done, especially in respect of persons who acted as our shareholders. Tax claims for the past to be avoided. Consequences in countries in which the "Tarnung" will be continued. "Enttarnung" only in such a way that the shares are officially bought from the persons acting as our trustee at a fair countervalue. (Of course, the consequences in taxpaying for the trustees themselves have to be regarded.) Finally it has to be examined how to found the new establishments. No branches of I. G. Better if customers buy from a firm with a national name of the country concerned than from I. G., the big type of German Economy. Also in relation to foreign authorities better not to have a branch. It must be taken in consideration also that our agencies sell non-I. G. products as well. A branch would immediately lead to taxation of I. G. whereas a subsidiary such consequences would arise after some time only. Therefore, no branch, but subsidiary of I. G.

EXHIBIT No. 2

CORRESPONDENCE DURING 1936 RELATING TO EVASION OF THE UNITED STATES ANTIDUMPING ACT

JUNE 15, 1936.

To: Director Dr. von Schnitzler. In the Building.
Director Weber-Andreae. In the Building.

CANADA

On the occasion of my visit in Canada the change in the share capital of Consolidated Dyestuff Corporation, Ltd., Montreal, which is working on the basis of an importer, was initiated. This was done, on the one hand, in order to remove the danger of having our firm assessed for income tax in Canada, and on the other hand, in order to be able to refer to our sales to the C. D. C., in the event of a possible antidumping investigation in the U. S. A., as "sales to countries other than the U. S. A." To this end we have offered preferred shares to a number of persons in Canada, among others, Mr. John Irwin and Mr. Leo G. Ryan, whereas the ordinary shares shall, in the future, be held by Axe Trading Co., London.

The above mentioned Mr. John Irwin, President of McColl Frontenac Oil Co. is Chairman of the C. D. C., while Mr. Leo G. Ryan, President of Chemicals, Ltd. (importers of the Chemical Section) is a nonactive director of C. D. C.

During the discussions on the capital reorganization Mr. Irwin commented on the general structure of the I. G. marketing organization in Canada. I would never have paid any attention to his ideas which also found Mr. Ryan's approval were it not for the fact that he is a very serious businessman in all other respects.

Mr. Irwin is convinced that there are extraordinarily great possibilities for the further development of our Canadian business quite apart from the business in dyestuffs. He contended, however, that we on our part had shown very little interest up to now. He said that he had discussed this matter with several gentlemen of our management committee, but that his ideas on this subject had never been given any serious consideration. He recalled in this connection that Dr. Oppenheim had made investigations several years ago with regard to the construction of a plant for artificial silk in Canada. As an example he mentioned that I. G. would certainly be able to raise the necessary funds for such a venture in Canada proper if it ever became interested in such a project.

The fact that Canada is a country of only 10 million people was considered to be no valid counter-argument by Mr. Irwin. Referring to the example set by Ford he pointed out that we would be able to export goods [from Canada] to other countries of the British empire at preferential tariff rates if we manufactured such product—as chemicals for instance—in Canada. At any rate, Mr. Irwin believes that I. G. had no need to hide its talents since Canadian public opinion, influenced by England, was turning more and more toward Germany and was eager to co-operate with Germany. It is true that this attitude is found only among the English speaking part of the population—but the English element is the decisive factor.

Mr. Irwin envisaged a combination of all I. G. interests in Canada in one single company. This company would be financed by offering part of the capital stock for public subscription in the form of preferred shares. Mr. Irwin expects favorable results for our Canadian business from such a procedure, since the interest of the Canadian public would be aroused. He cited as an example the case of Canadian Industries, Ltd. On the other hand, he referred to our business in dyestuffs as proof that our competitors were making use of the latest technical and business improvements of the last few years, and the fact that it would therefore be extremely difficult to hold our own in this field. Consequently, it would be advisable to interest industries using dyestuff in the soundness of our enterprise by offering them preferred shares bearing a reasonable rate of interest. Mr. Irwin does not consider it a serious disadvantage that we would then no longer be our own bosses.

There is no doubt that Mr. Irwin's proposal is motivated by a comparison with the structure of Canadian Industries Ltd. This firm, however, being an Anglo-American enterprise, enjoys a far more favorable position than we could ever hope to attain. In addition to this we must take into consideration our other relations with I. C. I. outside the dyestuffs business.

I stated my opinion to the effect that I could very well imagine that in a market having a limited demand such as the Canadian, the existing organizations for the sale of dyes and chemicals would pool their resources, a procedure which would doubtlessly result in certain savings and possibly in an increase in sales. In this connection I mentioned sales territories which are far off the beaten track, such as Newfoundland, the Canadian West, and Middle West. All these territories must be visited by the representatives of the dye organization although the cost of such trips is out of proportion to the possible profits. Certain I. G. branches the extent of whose business does not justify the establishment of a separate organization might affiliate themselves with such an over-all organization. Kalle & Co., whose business activities are at present more or less suspended, is an example of such a firm.

I pointed out furthermore that the production of dyestuffs in Canada was completely out of the question. I admitted that there might be some question of manufacturing certain auxiliary products used by the dyeing industry, but that the small turn-over which might be expected would not even in this case justify the establishment of a [local] production. Chemicals, Ltd., apparently is considering a number of projects in regard to which it intends to enter into negotiations with I. C. I. One of the products under consideration is hydrogen sulphite. As may be remembered, we talked about the possible production of this chemical with the gentlemen of Canadian Industries some time during the last year and I told Mr. Ryan not to have any illusions on this subject. I assured Mr. Irwin that he was quite free to submit his ideas to the directors of I. G. whenever the opportunity presented itself and that it was a foregone conclusion that I, too, would transmit his proposals to the competent quarters.

Mr. Ryan was in accord with Mr. Irwin's ideas not because he is sincerely convinced of their soundness but because he fears that he might possibly be left out of a big "scheme." This is apparently the reason why Mr. Ryan saw fit to discuss the matter with Dr. D. A. Schmitz in New York. Dr. Schmitz questioned me on this subject and mentioned that he had also talked to Professor Bosch, of Mr. Irwin's plans.

I. G. FARBENINDUSTRIE AKTIENGESELLSCHAFT,
Frankfurt (Main) 20, June 28, 1936.

MY DEAR DR. REITMEYER: I still have to thank you for your letters of March 17, April 14 and May 12, the reply to which has unfortunately been delayed as a result of my absence from Frankfurt. Meanwhile you have probably received my letter from New York of May 16 in which I explained the reasons which led to a change in our organizational plans.

In addition to the official correspondence which has already been sent to you, I should like today to give you a few supplementary confidential data on this subject concerning our idea as to how we think the development of the Australian business should be shaped in the future.

As has already been communicated to you, we shall compute f. o. b. prices in Reichsmarks for the Australian firm. This is being done in order to have at our disposal a firm comparative basis with respect to our delivery prices to the United States, which are likewise quoted in Reichsmarks without being subject to exchange fluctuations. Insofar as dyes and auxiliary products for dyeing purposes to be delivered to Australia are likewise exported to the United States, attention will, for the reasons you know, be devoted, in the future, to having the delivery prices

for Dychem not exceed the delivery prices to the United States. Prices for such products as go to the United States, but not to Australia, will be secured by us in such a manner that we shall submit a corresponding offer to Dychem. It would be desirable occasionally to have Dychem study these offers and state in writing that they will revert to them (at a later date).

It might be that by quotation of our deliveries to Dychem which is essentially determined by contracted prices to the U. S. A. the profit of Dychem would be higher than originally anticipated. In order to form a general idea of this and to arrive at a corresponding basis for prices we have ascertained the average gross proceeds attained during the previous year and have reduced the same f. o. b. continental port by deducting the actual expenses for customs, landing, c. i. f. as well as the profit margin which would correspond to the commission originally provided. The average f. o. b. net proceeds, calculated in this way were changed into R.M. by using as a basis a quotation of R.M. 12.30 per English pound sterling. Since the average quotation of the English pound in Berlin is 12.50 and since the [value] pound does not show any tendency to decrease the above-mentioned rate constitutes for the Dychem a certain guarantee.

Using the prices so ascertained as a basis, we shall so adjust the prices to be charged to Dychem as to meet the requirements of the situation in the United States. Wherever the U. S. A. business so requires we shall reduce the Australian prices to the U. S. A. level; where the Australian prices are lower anyway, no change is naturally required. Incidentally, a number of random tests have shown that the Australian prices computed according to several systems are lower than our American prices.

If it should become necessary, for reasons effecting the U. S. A., for us to set stipulated delivery prices for Australia below the absolutely necessary price level on a considerably large scale, we would have to offset this by raising the prices of other products accordingly. Such products would be either goods, which are of no interest to the U. S. A. or whose stipulated delivery prices for Australia are below those established for the U. S. A. In the matter of offsetting [this loss] we are naturally bound by the consideration that we should not exceed the German domestic prices since we would be compelled to pay an excessive tariff.

The above-mentioned procedure naturally must not affect Dychem's resale prices to their customers. The price lists with the resale prices, which give the "delivered" prices in English currency and divides them into "ideal prices" and "rock bottom limits" and which at the present time are at Durck shall bear the name of Dychem and not that of IG because of the changed circumstances.

The relationship between Dychem and I. G. (buyer : seller) does not permit, it goes without saying, the two firms discussing resale prices. The official correspondence on matters of price shall deal exclusively with stipulated delivery prices. On the other hand, we do not wish to lose control over sales prices if only for the reasons that we must keep the profits of the Dychem within the right proportion in which connection we must keep in mind, on one hand, the U. S. A. situation, and on the other, the conditions of the Australian market. There remains nothing for us to do but to conduct this correspondence privately between the two of us. For this we have chosen the form of memorandum, supplied only with date that is without the name of the addressor, address, signature, and place.

Thus it would not be so easy to establish a relationship between the two (income taxes in Australia), should such a document fall into the wrong hands or an investigation be instigated. In case Dychem does not have a margin it will concurrently with your memorandum (only the envelope should be addressed to me) request a reduction of the stipulated delivery price in general.

In regard to the above-mentioned matter (total profit of the Dychem) it may be that we shall not comply at all or comply only partially with this request. This, of course, does not necessarily affect the reduction of the resale price which has been considered as necessary.

As you see yourself, the entire system is somewhat complicated, but we are relying completely on your and Mr. Weir's adroitness to find the necessary twist. I should like to ask you, therefore, to discuss this matter in detail with Mr. Weir.

Although hitherto all important matters of price went through your hands this future treatment of these problems will nevertheless entail a considerable amount of additional work. I would suggest, therefore, that you arrange from the outset to have these matters dealt with by the office so as not to create too great a burden for you. In this connection furthermore I can inform you that we have decided in view of this additional work to assign to you a commercial assistant. We are speaking of the 24-year-old Mr. Luyken, who has received his training in the chemical department, has already had some foreign experience and will be trained for about six months at the Australian Farben.

Re: Compensation for Direct Transactions.—As you well know, our sales to Patons & Baldwins belong into this category. We have already written you officially concerning the filling of these orders. The only problem to be solved is that of the remuneration, since the payment of a commission is incompatible with the relationship existing between independent importers. The simplest way out would be to take back from Dychem the items in question (returned goods) at the Reichsmark price, which was computed at that time plus the stipulated profit margin (16%). The Dychem would then be obliged to grant York & Co., the allowance stipulated under the contract on these items for services rendered in connection with landing, storing, etc.

We may naturally be confronted with similar situations in the future since, occasionally, we must submit direct offers to orders so as to maintain the fiction of the "freely offered for sale." For each such case as it arises an analogous settlement must be provided, since we do not wish to deprive the Dychem of its profit connected with transactions effected in Australia although theoretically there is no monopoly agreement.

Should the Dychem receive an order from a firm located outside Australia it must not reply that it holds sales rights only for Australia but must decline the order in some other way and may even if necessary make an offer after making contact with us. Such orders, however, will occur very seldom.

Re: Balance Sheets.—Please see to it that we receive each three or at least each six months an interim statement through Mr. A. N. George so that we may always be informed here in due time of the situation as to profits of the Dychem and may if necessary take the necessary corrective measures concerning prices.

If necessary we could "doctor" somewhat Dychem profits by charging for services rendered by I. G. Sample cards and propaganda material must be excluded because of the high tariff. On the other hand we could charge fees for all technical inquiries. In order to keep the latter possibility open I would suggest that in the future you send as a general rule all technical inquiries via Dychem.

I hope that our official and my private explanations have been sufficiently exact to familiarize you with our ideas in general. Although you must discuss these matters with Mr. Weir in strict confidence, however, you must exercise the greatest caution in speaking of the Dychem or the York staff, as under no circumstances must anyone but you and Mr. Weir know of the real motives behind the transaction. For this reason I must request you until the arrival of the commercial assistant to take the trouble of writing yourself letters concerning these problems.

We have the draft of the amended agreement between the I. G. and the Dychem, and after my return to Frankfort next week we shall send it to you signed. Only small changes are required in the Dychem-York agreement and it will be sent at the same time. It does not relaly matter if there is no contract with Dychem the first few weeks.

Jim Abel was in Frankfort last week. All his resentment was directed against Mr. Weir. He was talking about leaving the A. L. & Co. and taking over the agency of a competitor. This in my opinion would be only a camouflage since he will without any doubt return to the A. L. & Co. after two years, that is after the termination of the "waiting period" [Karenzzeit]. We shall of course not allow this without any further ado. I shall see the old gentleman in London and shall write to you on further developments.

Best regards to you and yours.

Yours truly,

[Signed] H. KOEHLER.

EXHIBIT No. 3

EXCERPT FROM MINUTES OF MEETING OF FARBEN'S LEGAL COMMITTEE,
JUNE 8, 1939, REGARDING "PROTECTION OF FARBEN ASSETS ABROAD"

[Translated from the German]

LEGAL DIVISION FARBEN,
Frankfurt/Main, June 8, 1939.

Confidential:

To: Direktor Dr. von Schnitzler,
Kommerzienrat Waibel,
Direktor Dr. ter Meer,
Direktor Dr. Walther,
Direktor von Brüning,

Prokurist Eckert,
 Direktor Hoppen,
 Direktor Jungbluth,
 Direktor Köhler,
 Direktor Dr. Kugler,
 Dr. Overhoff,
 Prokurist Pabst,
 Direktor Schwab,
 Direktor Sayd,
 Direktor Voigt,
 Direktor Weigandt,
 Executiv Division Farben.

Re: *Protection of I. G. Assets Abroad.*

Enclosed herein we submit to you a summary of the minutes of the meeting of the Legal Committee in Berlin on March 17, 1939. We ask you to consider whether, within the scope of your authority, any further measures for the protection of I. G. assets abroad should be taken, and if so, to get in touch with us for the purpose of taking such measure.

[s] KÜPPER.

Enclosure.

PROTECTION OF I. G. ASSETS ABROAD

The problem of protecting the I. G. assets in foreign countries presents, as Kersten further states, two questions, namely: (1) Protection against writs of attachment or execution. (2) Protection against seizure in time of war.

The I. G. assets in foreign countries consist principally of: (a) the seals organizations, (b) inventories, (c) claims, and (d) patents.

The protection of these assets against seizure in the event of war calls for much more far-reaching measures than does protection against acts of attachment or execution. The following discussion with respect to the several groups of assets deals therefore first with protection against seizure in the event of war, since conclusions reached for that purposes are also applicable to protection against writs of execution and attachment.

In this connection we must refer to the legislation developed in the enemy countries allied against us, during the last war, inasmuch as, in a new conflict, we should certainly have to anticipate a reenactment of the statutory provisions then in force. Economic warfare was most consistently conducted in England.

England's aim was also to coordinate, to the greatest possible extent, the legislation of the other allied enemy powers with its own, an effort in which she was largely successful at the Paris Economic Conference of 1916. The following discussion is therefore chiefly concentrated on English statutes and decisions, unless other countries have adopted different measures with respect to specific problems.

As early as in the middle of the nineteenth century the principle was recognized in England that—

since it is in the nature of war to put an end to the enemy trade and to obtain possession of it, a declaration of war is followed by a prohibition of commercial relationships and correspondence with the residents of enemy states unless special license is obtained from the government. War leads to a number of well-known special regulations, it prohibits all trade with the enemy except for that licensed by the government and it dissolves all contracts that presupposed the existence of such trade.

On the basis of these principles there were enacted, starting with the Trading with the Enemy Proclamation of August 5, 1914, numerous special provisions which led to more and more intensified economic warfare.

These regulations start with the prohibition of trade with persons in enemy territory including English citizens residing there ("territorial principle") and extend to all persons even if not in enemy territory to the extent that they either are—

Enemy citizens or
 have relationships with the enemy,
 facts determined by findings based upon information received by the British intelligence services ("personal principle").

According to the original legislation of 1914, trade with enemy branch offices outside of enemy territory, for instance, in neutral countries or within the country itself, remained permissible. Due to that circumstance, Germany was still able to maintain its trade by making use of such neutral intermediaries. As a result,

the prohibition of trading was extended in December 1915 to all persons and firms—

to the extent that, in the opinion of His Majesty, such prohibition appears advisable because of enemy citizenship or enemy connections.

Thus trade with all firms that were regarded as suspect could be prohibited by placing their names on a blacklist. The significance of this blacklist can be seen from the fact that in 1916, 2,416 firms were listed on it, among them—

In the Netherlands.....	211
In Norway.....	138
In Greece.....	95
In Argentina.....	160, etc.

In addition to the blacklist, there existed a so-called gray list. Its significance was that while trade with the firms placed on it was not prohibited, it was declared undesirable. In practice the gray list had much the same effect as the blacklist. The number of Swiss firms alone amounted to 134.

The prohibition against trade applied to—

- (1) Payment of money to or for the benefit of the enemy;
- (2) Direct or indirect delivery of goods to, or direct or indirect importation of goods from an enemy or on his behalf as well as trade in goods which are destined for enemy territory or originate there;
- (3) Making of contracts with enemies or on their behalf.

The concept "enemy" is here used in its broad definition, i. e., inclusive of blacklisted neutrals.

As early as toward the end of 1914 trustees were appointed to whom all performance on behalf of the enemy had to be made. Receivers could be appointed for enemy enterprises who had the rights of liquidators and were authorized freely to sell those enterprises or their assets if it were considered to be in the interest of Great Britain.

By virtue of the amendments of January 27, 1916, these measures could be taken with regard to all persons on the blacklist, i. e., businesses, persons, and enterprises that—

because of enemy citizenship or relations to the enemy, appear to be carried on entirely or predominantly on behalf or under the control of enemies.

These provisions also authorized annulment of individual contracts with neutrals and seizure of individual assets of neutrals if the foregoing definition was considered applicable and an ensuing controversy with the neutral government was deemed to be a lesser evil. These amendments constitute the high watermark of English economic warfare legislation.

With respect to the several groups of I. G. assets abroad, the following conclusions are reached in the light of the English economic warfare legislation, of which the bare outlines have just been traced.

(a) *The sales apparatus* of I. G. abroad (which includes agent firms with their good will, mailing lists, connections, etc.) has, because of (1) tax laws, (2) national sales propaganda ("buy in your own country"), (3) the desire to avoid boycotts, (4) the desire to avoid special controls applicable to foreign companies, been organized, as a matter of principle, in such a fashion that I. G. or its several affiliated companies do not openly hold shares or other interests in these agent firms. There are only a few exceptions to this principle as, for instance, in the case of Agfa-Photo/Romania.

While formerly the shares or similar interests in these agent firms were largely held by individuals, mostly citizens of the particular country or by companies, as trustees for I. G., this system has, to an ever-increasing extent in the last few years, been abandoned in favor of an arrangement under which shares or similar interests are acquired by individuals or firms with their own means (occasionally assisted by credits extended by I. G.) subject, however, to an option in favor of I. G. permitting I. G. to acquire the shares for itself or to have third parties acquire them.

In the light of enemy economic warfare legislation, the following observations with respect to this situation may be made:

(aa) If I. G. or German nationals are the declared owners of such shares or similar interests, seizure will result in case of war.

(bb) If the shares or similar interests are held for I. G. by non-German trustees residing in enemy territory, there is a duty to declare such holdings, which again will lead to seizure.

(cc) If the shares or similar interests are held for I. G. by non-German trustees who are not residents of enemy territory the danger of seizure arises in the event that for some reason I. G.'s actual ownership becomes known.

(*dd*) If the shares or other interests are actually held by a national of an enemy country, such holdings will not be affected by economic warfare measures of the enemy, unless the owner comes under suspicion of maintaining relations with the enemy. In that case, seizure and liquidation of the shares or similar interests may follow. Any option in favor of I. G. is extinguished since, according to English decisions, any contracts that may strengthen the enemy's economic position even after the war, are considered voided by the outbreak of the war. If the option exists in favor of a neutral, the liquidation of such an option—as of any other asset—may be ordered, if the neutral is suspected of relationships with the enemy.

(*ee*) If the shares or similar interests are actually held by a neutral who resides in a neutral country, enemy economic warfare measures are ineffective; even an option in favor of I. G. will remain unaffected. A sole exception arises in the event that the neutral is placed on the "blacklist," since then the liquidation of the shares or similar interests may also be ordered. The English during the war made very sparing use of the authority to liquidate assets of a "blacklisted" neutral resident in England, inasmuch as such procedure invariably resulted in controversies with the government of the neutral involved, controversies that frequently were out of all proportion to the results obtained by such liquidation.

This survey shows that the risk of seizure of the sales organizations in the event of war is minimized if the holders of shares or similar interests are neutrals residing in neutral countries. Such a distribution of holdings of shares or other interests has the further advantage of forestalling any conflicts troubling the conscience of an enemy national who will inevitably be caught between his patriotic feelings and his loyalty to I. G. A further advantage is that the neutral, in case of war, generally retains his freedom of movement, while enemy nationals are frequently called into the service of their country, in various capacities, and therefore can no longer take care of business matters.

Nevertheless, it is obvious that transfers of shares or similar interests in our sales companies to neutrals residing in neutral countries cannot be handled uniformly in all cases and without consideration of other aspects. To mention just two of these, as accumulation of such shareholdings in the few countries that will presumably remain neutral would arouse suspicion, and the number of trustworthy persons who can be considered as suitable holders of such shares or similar interests is limited. In addition, it is necessary that protective measures to be taken by I. G. for the eventuality of war should not substantially interfere with the conduct of business in normal times. For a variety of reasons it is of the greatest importance for the normal conduct of business that the officials heading the agent firms who are particularly well qualified to serve as cloaks [*die aus Gruenden der Tarnung als Anteilseigner bezenders geeignet sind*], should be citizens of the countries wherein they reside. Consequently, when sales firms are organized and the shares or similar interests in the firms are being distributed, the protection against seizure in war time should, on principle, be only one of several pertinent considerations; in setting up sales organizations a decision must be reached in each case as to the extent to which protection against war seizure can be secured without interfering with other interests that should be safeguarded. At the same time, it must be kept in mind that, in case of war, possibly a large number of countries—as, e. g., in the World War, China and some of the South American countries—will be drawn into the war against their own wishes. Those countries especially when they do not become involved in actual warfare, are not particularly interested in an energetic enforcement of economic warfare legislation. Protective steps against seizure in the event of war are obviously much less urgent in these countries.

However, as far as possible with due regard to the other interests which call for our consideration, neutral influences should be strengthened in our agencies abroad by the transfer of shares or similar interests to neutral holders. If this is not possible, it seems advisable to transfer the shares or similar interests to parties who are nationals of the particular country and to provide for options on these shares or similar interests not in favor of I. G. directly but running to some neutral party with an ultimate option in I. G.'s favor.

The adoption of these measures would offer protection against seizure in the event of war, although this protection may not be a complete one. At the same time, they would provide comprehensive safeguards against attachments and executions since such levies cannot be made, in the enforcement of claims against I. G., upon assets actually held by parties who are not connected with I. G.

(b) *Inventories Abroad.*—While formerly inventories abroad were mostly held on consignment from I. G., we have recently, for a variety of reasons, turned to selling these inventories outright to our agencies which sell them now as independent dealers.

In the event of war, inventories held on consignment and owned by I. G. are subject to seizure. Where agents own their inventories, however, the fate of these inventories depends on whether the agency itself is determined by the authorities to be an enemy of their country within the terms of the broad English definition. If such a determination is made with respect to any agency, notwithstanding such cloaking measures as may have been adopted [trotz der fuer die Vertretung durchgefuehrten Tarnungsmassnahmen], its inventories will likewise be subject to seizure.

To avoid such seizure, consideration has been given to making sales through a genuine intermediary residing in a neutral country; this intermediary would also be the owner of the inventory consigned to and held by our agency. This method, however, is not feasible for I. G. for technical reasons and reasons of tax law, mainly because it would jeopardize the close contact with the ultimate processor, a contact which is absolutely essential for our business. Nor would this method be likely to afford effective protection in case of war since, in the light of our experience gained during the World War, it is most likely that the neutral intermediary would be put on the blacklist; the result would be that, in the enemy country, payment of the proceeds to the intermediary would be prohibited and the inventories owned by him might be seized.

Losses, however, occasioned by such seizure may, at least partially, be avoided by putting up the inventories as security for loans, the proceeds of which would be transferred directly or indirectly to I. G. Such steps have been taken by the Central Finance Administration for several years, up to now, it is true, mostly for reasons of maintaining market quotations and assuring the transfer of foreign exchange. They are, however, important also with respect to seizures in the event of war.

The reason is this. The enemy wartime legislation during the World War has explicitly held valid pledges or other creditors' rights in German property. Thus in England, for instance, the regulations concerning the branches of German banks in England provided that securities of German owners deposited in these branches and pledged to English citizens or neutrals should be liquidated, that the proceeds be used to satisfy the creditors and that only the balance be transferred to the Custodian. In the United States, the same principle was explicitly established by the Act of October 6, 1917, subsection 8 (a). In France, the same principles were upheld by the courts.

Accordingly, insofar as inventories abroad are assigned to enemy and neutral banks as security for loans, the proceeds of which have been transferred to I. G., I. G. avoids, in the event of war, its loss from seizure up to the amount of the credit extended; the bank, on the other hand, which extended the credit is able to enforce its claim against the lien or pledge.

When such credit transactions are carried out, it must be kept in mind, however, that I. G.'s joint sales organizations have somewhat divergent interests with regard to protection of inventories, inasmuch as Agfa and Nitrogen are exclusively interested in protecting the value of the inventories; whereas the interests of Farben and Pharma are more comprehensive since they are anxious to see that even in an emergency the ownership in the inventories should not pass into foreign hands, since this would entail additional disadvantages and losses. (Compare, e. g., the seizure of dyestuff inventories for purposes of reparations.)

With respect to the first category, the most important consideration is that the loan to be obtained cover the largest possible proportion of the inventory. It does not matter whether the creditor be an enemy or a neutral, since, on the whole, it is a matter of indifference to I. G. how the creditor enforces his claim against the inventory transferred to him by way of security. In any event, the creditor himself probably could successfully resist a sale of the inventory at prices that were so low as to be manifestly unfair and would result in leaving the creditor partially unsatisfied and I. G. liable for the deficiency. The only matter to be kept in mind is that if the neutral creditor should be placed on the blacklist he would not be able to collect the proceeds of the liquidation.

If, as in the case of the Farben and Pharma inventories, we have an interest in preventing the inventories from passing into foreign channels, an assignment to neutrals by way of security seems more practical because then we have better reason to hope that we may exercise some influence upon the liquidation of those inventories. It must be kept in mind, however, that according to the law of almost all countries a forfeiture clause providing that after the debt becomes due, full

title to the chattel pledged vests in the creditor is void. In such cases, an attempt must therefore be made to agree with the creditors that when the loans fall due, the liquidation of the goods should be made through certain firms which are to be set forth in the agreement. It can be pointed out that this method of liquidation serves also the interest of the creditor; nevertheless, the danger should not be overlooked that, when the crucial moment arrives, such stipulations will be considered invalid.

The prospects for obtaining credit for purposes of protecting the various inventories are by no means unlimited. Experiences such as those gained in the case of the inventories of I. G. Dyestuffs, Manchester, show that such credits are sometimes obtainable only upon conditions that, in turn, entail considerable complications in the normal sales business (in the case of I. G. Dyestuffs it would have been possible to obtain credit only if the agency would have been changed from a commission basis to that of an independent dealer. In the case of the Farben business, however, this would result in particularly grave complications since in that case the intensive sales work with each individual customer with respect to prices and technical problems could no longer be handled through I. G. directly). It is therefore necessary that here also all interests be weighed and that, in particular cases, the aim to protect be abandoned if the cost of such protection, comprehensively viewed, is out of proportion to the advantages it would achieve.

The Central Finance Administration endeavors to overcome, by special arrangements and set-ups, any difficulties that may stand in the way of obtaining credits. In particular, an attempt has been made to suggest to friendly banking interests abroad the establishment of credit corporations of the type which, while completely independent from Germany, have proven their worth as contact parties and intermediaries. Since both of the finance corporations heretofore established, i. e., The Axe Trading Company in London and Mapro in Amsterdam, are situated in territories which, in the event of war, would probably not remain neutral, it appears advisable to create now a similar finance corporation for the Scandinavian countries as well. For this purpose, Zeff has already held preparatory conferences with Norwegian and Swedish groups. The set-up of this company, which should have its principal office in Stockholm, is planned as follows: Of our Scandinavian business friends, the most important three Swedish and both Norwegian banks should participate in addition to Hambros Bank and the Norsk Hydro, furthermore, two managing officials from each of our agencies in Sweden and Norway and finally the Greutert company. Participation of Norsk Hydro is particularly desirable for the additional reason that Norsk Hydro itself has expressed the desire to share in the protection of the nitrogen inventories abroad.

In this connection, a suggestion should be mentioned that was made by the Central Finance Administration with regard to the protection of the dyestuff inventories in China. Since the inventories themselves were not considered as sufficient security by the Dutch lending agency, which had been approached, it was decided to deposit the proceeds which were to go to I. G. with another Dutch bank subject to the condition that that bank maintain, in turn, a deposit with the lending agency in the same amount, to which recourse may be had in the event that the proceeds of the dyestuff inventories should not be sufficient to repay the loan in full. In this event the proceeds of the loan, it is true, would not be freely available to I. G. from the outset, but they would be beyond the reach of a possible seizure in the event of war.

Although the protection of inventories abroad has already been effected in many cases, it is nevertheless desirable that the sales organizations, together with the Central Finance Administration, systematically reexamine each individual instance so that additional measures that may be deemed necessary can be considered and adopted.

Safeguards of this type afford protection for I. G., not only in case of seizure in the event of war, but likewise against attachments and executions since contractual liens or pledges have priority over liens that are created by writs of attachment or execution sued out at a later date. Putting up the inventories as security for loans does not afford complete protection since credit extended against the inventories as security will never exceed a fraction of the actual value and the equity of the debtor is, of course, always subject to the danger of seizure, whatever its legal basis.

For the same reason, it is impossible by this method to protect any increase in the value of these inventories that might be caused by the outbreak of war.

(c) *Claims.*—With regard to the third group of I. G. assets abroad, its claims against foreign debtors, the Central Finance Administration—frequently in connection with the assignment of inventories by way of security discussed in the

preceding section—has already made transfers on a large scale, some to maintain market quotations, others to secure foreign exchange more quickly or to utilize unusual opportunities for the transfer of foreign exchange. Such transfers were made possible by discounting claims against our customers or by obtaining loans secured by them. Together with those obtained by our agencies, our total loan obligations amount to approximately R.M. 60,000,000. This is the equivalent of total foreign gross sales of I. G. for the period of 1¼ months with an average customers' credit of 3 months. It follows that I. G.'s foreign claims are protected up to approximately 60 percent against seizure in the event of war. This applies also, at least to a certain extent, to claims based on licenses such as those for which Jasco, e. g., serves as an intervening creditor.

These credit arrangements, it is true, offer considerably less protection against executions and attachments. For instance, the Hambros credit amounting to more than £1,400,000 is secured by irrevocable orders by I. G. to a number of its agencies abroad to transfer all amounts payable to I. G. to its account with the Hambros Bank. The moneys which in this way pass through our account with the Hambros Bank quarterly are at least equal to the amount of credit obtained by us. Since the deposits with Hambros are made to our account and can be claimed by Hambros Bank only when the loans are called, these deposits, at least while the loan remains outstanding, are subject to execution and attachment. Since, on the other hand, the arrangement chosen for the Hambros credit (especially the absence of any requirement to assign our claims) offers unusual advantages for our current business and our standing, it appears inadvisable to change it in order to strengthen the protection against executions and attachments. This is especially true since it must always be kept in mind that due to the large amount of I. G. assets abroad, complete protection against executions and attachments will, in any event, never be possible. Consequently, protective measures should be avoided which involve substantial disadvantages without materially improving the situation of I. G. with respect to future executions and attachments.

(d) *Patents.*—At the outset it must be realized that protection of our foreign patent holdings against the danger of seizure in the event of war can only be arranged by transferring them to a foreign corporation. An examination of the opportunities existing in this respect, conducted jointly with the Patent Division at Ludwigshafen, has led to the following conclusions, as reported by Kersten:

If all the foreign patent holdings of I. G. should be transferred to a corporation located in a neutral country, considerable difficulties would arise in the current handling of patent matters, difficulties which, however, would not be insurmountable. The handling of patents in the field of hydration may be taken as a precedent. These patents are required to be registered in The Hague in the name of Ihec and that company must assert the rights flowing from them. In the case of a foreign patent holding company which serves I. G.'s interests exclusively, the operations would probably be even simpler than in the case of Ihec which, in every single instance, and to a considerable extent, has to make allowance for non-German interests.

The costs, however, of transferring our present foreign patent holdings to a neutral company would admittedly be considerable. The establishment of such an intermediate, neutral company would, of course, make sense only if the entire present foreign patent holdings of I. G., amounting to some 28,000 patents, could be transferred to that company. The cost of a patent transfer must be estimated at approximately R.M. 10.00 per patent. This would result in a total expenditure of R.M. 280,000, payable mostly in foreign exchange. In addition, it must be kept in mind that in France, where the situation, in every respect, is particularly dangerous, in the case of a patent transfer all unpaid future taxes are immediately payable. For the 3,500 French patents, with unpaid taxes averaging 5,000 French francs on each patent, an additional expenditure of foreign exchange amounting to R.M. 1,000,000 would be required.

But even if the decision should be made to invest such large sums of money, the transfer of patents to a foreign corporation would not afford even a reasonable degree of protection against the danger of seizure in the event of war. According to English economic warfare legislation, the Board of Trade was authorized to suspend or cancel enemy patents or patent applications, to transfer them to the Custodian or to issue licenses for them. Also in this situation—

such companies whose business is controlled by enemies or conducted for their benefit—

were determined to be enemies.

In practice, however, a foreign patent holding company could conduct its business only by maintaining the closest possible relations with I. G. with regard to

applications, processing, and exploitation of patents—it is sufficient to refer to our numerous agreements providing for an exchange of patents or experience. These contacts could not possibly escape the notice of the foreign intelligence service, particularly since, from the outset, such a patent holding company would be suspected because it had taken over our foreign patent holdings. Accordingly, in case of war, this company would certainly be considered as operating for the benefit of Germany with the result that the above-mentioned measures of seizure and liquidation could also be applied to its patent holdings.

To establish a connection between I. G. and the patent holding company loose enough to eliminate this danger with some measure of hope for success would not be possible because it would involve insurmountable difficulties for I. G. and also a removal of industrial potential from Germany ["Industrierverschleppung"]. An additional difficulty consists in the necessity for establishing an adequate price at the time of the transfer of the patent or the invention; for if this price would be fixed as a percentage of the proceeds received by the foreign patent holding corporation itself this would again result in a determination that the corporation is acting on behalf of Germany.

Finally, however, attention is called to the following provisions of the English economic warfare legislation:

If it appears from the patent applications or any specification that the applicant has learned about the invention from an enemy, a rebuttable presumption arises that this enemy has the beneficial ownership of the patent. Since under German patent law every patent application must disclose the inventor, a simple comparison between the foreign and the corresponding German patent application would disclose the German inventor. It would be a fruitless endeavor to attempt to prove to enemy courts or officials that the person entitled to the beneficial ownership of a patent is not the German inventor but the neutral patent holding company alone.

In short, the result of these considerations is that protection against seizure of our foreign patents in the event of war is practically impossible.

The question remains to be examined whether such protection is not feasible at least against attempts to levy attachments or executions.

In the light of experience gained in connection with gold-clause litigation brought against A. E. G., that firm now transfers its patents to a German patent-holding corporation called Lizenzia; this is being done on the theory that possible foreign claims which may be asserted in the future against A. E. G. itself would no longer be enforceable by levy upon patents now held by another company.

Judicial decisions of all countries show a constantly increasing trend toward a disregard of formal legal arrangements in favor of considering economic interrelations. In view of this trend it may be open to doubt whether, in the long run, the position can be successfully maintained that patent properties that have been transferred to the patent-holding company (Lizenzia) are not liable for the obligations of the parent company (A. E. G.).

The transfer of patent properties to a German patent-holding company of this type solely for protection against executions or attachments would not be practicable for I. G. for the reason mentioned elsewhere in this discussion, that—measured by the amounts involved in any execution or attachment proceedings that might be brought in the future—I. G. will always own substantial assets abroad which cannot be protected against such levies. A transfer of our patent properties to a German patent-holding company or possibly to the Ammoniakwerk Merseburg, Limited [G. m. b. H.], which has no foreign debts, would accordingly result only in considerable technical and other difficulties (use of production know-how) without achieving any marked changes with regard to a protection of I. G. from executions or attachments. For the same reason it has previously been decided not to adopt such a procedure.

In summarizing, Kersten, after a thorough discussion, stated, with the consent of all, that for the protection of I. G.'s foreign assets against seizure in the event of war and against execution and attachment proceedings, the following measures are essential:

With respect to the sales organizations.—Strengthening of effective neutral possession of shares and similar interests.

With respect to the inventories.—Their transfer to foreign banks as security for credits the proceeds of which are made directly or indirectly available to I. G.

With respect to claims.—Assignment of claims before they fall due.

With respect to foreign patent possession.—No protective measures are available which could be carried out with some hope of success.

EXHIBIT No. 3-A.

REPORT TO MINISTRY OF ECONOMICS DATED SEPTEMBER 26, 1940, REGARDING
"SAFEGUARDING OF LATIN AMERICAN SALES COMPANIES"

DRAFT (in pencil notation)

SEPTEMBER 26, 1940.

Re: Safeguarding of the Latin American Sales Companies of our Dye and Chemical Department.

To the REICH MINISTRY FOR ECONOMIC AFFAIRS,
Berlin:

We are referring to our application of 9/9/1940 and to the interview which was granted us on 9/23 and during which you asked us to give detailed reasons for our request of 9/9/1940.

We should like first of all, as we had the recent opportunity of doing in connection with the deputy gau leader of the Organization of Germans Living Abroad—Mr. Hess, to report briefly on the success of our camouflage measures in the hitherto enemy countries, up to the present time enemy territory.

A. OUR PREWAR SALES ORGANIZATION ABROAD

Before the world war sales organizations of the I. G. predecessors existed in different countries, most of them organized under the same name as the parent firm, or in any case as official agencies of the German chemical industry. The result was that all the sales organizations and also the existing manufacturing enterprises were immediately seized by the enemy countries. When the firms were not liquidated by the Alien Property Custodian, they were sold to our competitors in the same countries and the documents found in the agency offices proved a valuable help in the development of the chemical industry of the enemy countries, development which had begun during the war and continued during the postwar period. The complete lack of organization proved particular handicap for the development of our own business after the World War, since in no other branch of business is it so important to have a perfect business and technical organization, which is in permanent contact with the customers as in the chemical branch; because precisely in the field of chemistry the demands of the industries which use chemical products are in a constant state of transition. It must be added that good and cautious technical advice in the application of our products is of decisive importance for the development of our business. We may even say that in certain fields the superiority over our competitors from other countries is based not only on the higher quality of our products, but above all on the well organized and excellently trained sales staff and on the technical service to the customers. Therefore, from the first, we had not the slightest doubt that we shall be compelled to organize after the World War our own sales companies in all parts of the world, should we desire, if only to a certain degree, to attain the position in the export field, occupied by our predecessors. The postwar developments have brought about with them in almost all parts of the world the amendment of tax legislation so as to protect national industry and to oppose foreign import industry, especially that of Germany. Because of this several countries have made subject to taxation domestic production enterprises, which were or were considered to be affiliated with foreign firms.

We decided, therefore, at the time to camouflage these new companies as independent companies of the respective countries, with a capital, fully independent from us. By setting up these camouflaged companies we have achieved that the tax authorities in most of the countries have not subjected to taxation our firms and the production and commercial profit connected with them, but only the foreign sales companies and the small profit declared by them. As only this small profit of the foreign sales companies abroad has been subject to taxation, we have succeeded in avoiding abroad large taxes, and we were able in this manner to transfer to Germany a correspondingly larger equivalent of our export goods. This measure, which by the way, is taken by other German and foreign firms, which export goods to the countries in question, has proved very useful during the last years, especially in view of the need for foreign exchange felt by the German Reich. The increased amount of Foreign Exchange, obtained by this measure, which was so necessary for the development of German National Economy, totalled each year many million Reichsmarks. We must point out in this connection that the savings on foreign taxes was for us in many cases not only a question of larger or smaller profits but for a large number of our products it was an indispensable condition in competing with foreign domestic firms or other competitors often more privileged than we, in the matter of taxation. Only during recent years since about 1937, when the danger of a new conflict

became more and more apparent, did we take pains to improve our camouflage measures, especially in the endangered countries in such a way that they should prove adequate even under war time difficulties and at least prevent immediate seizure. A postponement of a seizure, even for months, meant to us, as will be stated below in connection with individual cases, an extra profit. Our experience up to now has shown that the camouflage measures taken by us have stood us in good stead, and in numerous cases have even exceeded our expectations. As an example, we take the liberty of quoting the following cases occurred in the dye department, which has the largest sales organization abroad.

1. *Great Britain.*—The I. G. Dyestuffs, Ltd., Manchester, our Paint Agency for Great Britain, which had been camouflaged to an extent already before, has been camouflaged much more thoroughly after the September crisis of 1938. Because the company, as a result of this, functioned as a non-German enterprise, we succeeded, still in the summer of 1939, to sell outright our large stock of goods costing about R.M. 10,000,000 on consignment in England, in return for immediate payment in cash, to the I. G. Dyestuffs which in its turn was able to get the funds necessary for the purchase from a large English bank against the pledging of warehouses. It was evident from the course of negotiations that it would have been impossible for a German company to obtain at that time such a large credit. These measures helped us to avoid considerable losses in England.

Consequently, at the outbreak of the war in September of 1939, the I. G. Dyestuffs was provided with a supply of goods for about 6 or 7 months, so that at least for this time the organization was able to keep going. The chance to obtain dyestuffs from other sources was very small; from the beginning we had to count on the fact that we would be compelled to make a change in the organization. According to confidential reports, which we had received through Ireland or U. S. A. the English officials of the I. G. Dyestuffs had loyally protected our interests in spite of the war. It is surprising and does credit to our camouflage measures that no Controller was appointed to the I. G. Dyestuffs. It must be also assumed, that it was possible to avoid having the sales material which our agency had in stock, fall into the hands of our English competitors, which would certainly have been the case if the firm had not been camouflaged. In January 1940 we learned that the managing directors of the I. G. Dyestuffs had decided to liquidate the firm and to organize another small firm under the same name with the part of the personnel which was most important to us, so as to be able to maintain through it at least some contact with the customers, in case the firm should be able to obtain some place the necessary dyestuffs. They believed, therefore, that it would be in our interest not to use up gradually the surplus, resulting from the sale of the stock pile, or the share capital, by maintaining the large set-up of the old firm. It had been decided therefore on March 28, 1940, to liquidate voluntarily the old firm. It is superfluous to point out that this development considered in the light of the entire national economy as well, is much more advantageous than the one which took place during the World War and which would have been certainly expected to take place also in 1939 had it not been for the camouflage measures.

2. *Canada.*—We have founded in Canada in 1926 the Consolidated Dyestuff Corporation, Ltd. (hereinafter referred to as CDC). The existence and the preservation of an organization in Canada was of a special importance, as no custom or any other laws prohibited the import of dyestuffs and consequently the competition of almost all dye producing countries was felt particularly in this country. Because of the stiffening of the tax legislation, we contemplated in the years 1934–1935 for the first time some kind of camouflage of the CDC, which was completed in 1936. The following was the essential reason for the camouflaging: The customhouse legislature in the United States, namely, the Tariff Act of 1930 and especially the Anti-Dumping Law of 1921 as well as the right of the Treasury Department agents to investigate the invoice prices forwarded to the United States, a right which had been established by the Consular Agreement between Germany and the United States, have compelled us to find some way out in order to keep up our export to the U. S. A. There existed the imminent danger of losing the greater part of export because of the prohibitive dumping custom duties. A court ruling on custom duties in the United States in 1934 gave us, however, the opportunity to circumvent this danger, but at the same time we had to give proofs that we export to at least two countries for prices similar or lower to those we charged in U. S. A. The most important thing was to show that we did not hold a capital or profit participation in the firms of these two countries. As our sales prices in Canada were anyhow very low, because of the competition existing there and also because we were able to compensate any

possible price reductions, which we were forced to make with respect to American business, by price increases on products which were not sold to the U. S. A., we designated Canada as one and Australia as the other of the two countries; moreover, in 1936, we were about to organize in these two countries our own new sales agency. It was important, chiefly for this reason to camouflage completely the CDC.

At the outbreak of the war the CDC had stores of supplies sufficient for about seven months. We could assume, however, in the case of Canada, contrary to that of Great Britain that our Canadian agency of the CDC will not meet with great difficulties in purchasing and selling dyestuffs, especially those of American origin. In the first place there were the dyestuffs produced by General Aniline & Film Corporation, New York, a firm which maintained friendly relations with us, and also products of other American dyestuff manufacturers. Because of the camouflage the CDC had not been seized; only a Controller had been appointed, probably because at the time of organization of the company we were officially represented as shareholders. This Controller, however, has not jeopardized the current sales business of the CDC. Through the camouflage of our sales company in Canada we have in the first place attained our goal as far as taxes were concerned and in the second place we have preserved our sales organization, a fact which is extremely important for the reconstruction of our business.

3. *Australia.*—In Australia, we had organized in 1936 a sales company under the name of Dychem Trading Co., Ltd. (hereinafter referred to as Dychem); tax considerations, explained in connection with Canada and the Anti-Dumping Law were decisive factors in the camouflaging of this company. The Dychem at the outbreak of the war had a store of supplies for about 3 to 4 years, besides that it was able to obtain dyestuffs of American origin and to keep up its sales operations and the contact with its customers. As far as we know, the Alien Property Custodian in Australia has not paid any attention to the Dychem up to the present time and had not even appointed a Controller, so that the Dychem could continue its business operations completely unhampered. Only the shares, held by the German Director Dr. Reitmeyer, were attached. As, however, these shares represented only a minority holding, this measure was of no further importance to the company.

Consequently, through the camouflage we have in the first place fully attained our goal as far as taxes were concerned and in the second place we have succeeded in preserving our sales organizations.

4. *British India.*—In the beginning nothing but tax considerations compelled us to camouflage our sales organization in British India. The Taxation Law of 1922 provided already that a firm which was registered not as "trading *with* India" but as "trading *in* India" could be taxed also for the so-called Manufacturer's Profit. Therefore, according to the Indian Taxation Legislature the assessment of the tax was left to the judgment of the Indian taxation authorities, unless it could be proved by submitting full documentary evidence that the income tax does not correspond to the obtained profit. The sale of our products in British India was effected up to the end of 1938 through a nonregistered branch of the Haverro-Handel-Maatschappij N. V., Rotterdam in Bombay (hereinafter referred to as Haverro). In respect to the outside world, the Haverro acted as an independent dealer, whereas on the inside it was only our commission agent. For various reasons, which submitted in detail to you at the time and to the Organization of Germans Living Abroad of the Nazi Party as well as to the Testing Bureau of the Chemical Industry, we were compelled to organize in the latter part of 1938, new sales organizations in British India. Because of the above-mentioned tax situation and with the view to possible conflicts, we had decided to camouflage these sales organizations in this case also.

As these companies were organized only after the crisis in September of 1938 and were selling only German products at the outbreak of the war, there was a suspicion that they were enemy firms. The Chemdyes, Ltd., Bombay (hereinafter referred to as Chemdyes), which was selling our dyestuffs and chemicals in British India was, for that reason first placed under control in the beginning of September 1939 and then closed up. After a short time, however, the authorities had to admit that they were convinced that the Chemdyes was an independent company and granted it a general commercial permit although they placed it under the supervision of a controller until the complete clarification of the situation. Thereupon the Chemdyes could continue its work actually unhampered, could undertake the sale of our stores of merchandise, keep up connections with various customers, etc. In 1939 the Chemdyes had procured from an English Bank a credit of £450,000 by pledging merchandise forwarded by us and had availed itself of the credit exchange to effect a provisional transfer to Germany.

The company currently covered this credit and the credit granted to us by the same bank from the proceeds of the merchandise.

Our English competitor "Imperial Chemical Industries, Ltd." (hereinafter referred to as ICI) tried hard to take over the Chemdyes but in vain. We learned that the director of the ICI in British India went in January to see the British Indian Government [authorities] in Delhi and protested against the business operations of the Chemdyes continuing unhampered. The government [authorities] replied that up to the present it had not succeeded in establishing relationship of the Chemdyes with Germany. After that the director of the ICI went to London and induced his company to make to the Dutch shareholders, who represent our interests in the Chemdyes to the outside world, a very favorable offer for their shares. The sale price was to be paid in New York in U. S. A. dollars. We, naturally, asked our trustees not to consider this offer. Only the occupation of Holland and Belgium gave the British Indian government the opportunity to declare the Chemdyes an "enemy firm," as according to the conception of the British-Indian (English) law, the territories occupied by Germany, the companies which have their seat in these territories and the persons domiciled there are also considered as enemies. The only reason which enabled them to proceed in this manner was the fact that the predominant majority of the Chemdyes' shareholders had their domicile or residence in Belgium or Holland. The fact that the company was declared an "enemy firm" only because of the Dutch shareholders, who were considered as enemies, was a considerable advantage because the British-Indian authorities, in the case of a possible sale of the Chemdyes to the ICI, would have to take into account the relationship between Great Britain and Holland, as after all the latter is regarded as an ally. Consequently, the camouflaging of the Chemdyes, up to the time of the occupation of Holland and Belgium also proved a success in British India.

5. *France.*—The sale of our dyestuffs and chemicals in France is made through the "Sopi," Paris. Originally, tax considerations, were almost exclusively responsible for the camouflaging of this sales company. Because of this camouflaging we succeeded in avoiding this burden of taxation which would have been prohibitive in the sale of our products. Besides that Sopi, acting as an allegedly independent French firm succeeded in pledging shortly before the outbreak of the war products stored in various warehouses valued at 2½ million Reichsmarks and in transferring the equivalent to us. Sopi would not have been able to obtain this credit as a German subsidiary in Paris. Sopi was not seized during the war; only the participation of one shareholder was seized, a circumstance which did not affect the business operations of the company. Consequently through camouflaging, we had avoided the waste of supplies connected with immediate sequestration, the dismissal of the professional personnel and the destruction of all the documents (references which have been gathered for years and which are especially important in the chemical field). In this manner we were able to comply with the wishes of the Reich Office for Economic Development, recently communicated to us and to resume to a full extent business operations of the Sopi, especially as the supplies were still on hand in France.

We believe to have proved by the above survey that the camouflaging of our foreign sales companies, which was made originally only because of tax considerations had proved a success, far beyond our expectations, even during the war. Roughly estimated, we have saved in foreign exchange annually 6 to 7 million Marks, of this sum about 2 million Marks in India.

We must also point out that the continued sales activity of our companies in enemy countries cannot be explained exclusively by the fact that the products sold by them were essential to the war. The nature of our sales business required in any case that we keep considerable supplies of these products in all the countries, consequently we had to have them in the enemy countries at the outbreak of the war. But if the camouflaging had not proved successful it would have been possible in each case to seize these supplies and to effect the sales through the sales companies of the competing enemy industries, of which there is a sufficient number in all countries. The case in British India shows how great an effort was made by the enemy competition to obtain the enactment of this regulation, which at the same time would have given precise information of our internal organization and of our connections with our customers. To have prevented such a development in all the countries is further proof of the great success of our camouflaging measures.

(B) THE SITUATION OF THE SALES COMPANIES OF OUR DYES AND CHEMICAL DEPARTMENT IN LATIN AMERICA

Our Latin-American sales companies were originally camouflaged in order to avoid prohibitive taxation, which would have had to be taken into account, if

these companies had functioned as places of operation of our firm. Mr. D. A. Schmitz, New York, pursuant to permit which you have granted to us, participated as trustee in all these companies. Sometime ago Mr. Schmitz informed us that he was not any longer in a position to continue the trustee participation in our sales companies in Latin-America. We were compelled, therefore, to look around for other persons, who would be able to take over Mr. Schmitz' shares. In this connection and with regard to the existing danger that one of the Latin-American countries might follow suit, in case the United States entered the war, we find it necessary to improve the camouflaging of our sales companies in Latin-America, which was done originally because of taxation.

We intend therefore:

(1) To have it appear that we place the majority of the shares or participations in the hands of persons who are citizens of the countries in question.

(2) To replace direct agreement between the shareholders and us by a pool agreement, a draft of which you will find in the appendix.

In spite of these pro forma measures, the shares or participations shall belong to us as heretofore without any limiting conditions. We therefore had in mind having prepared in the form of a documentary note by our confidential man, the dividend and interest guaranty of which you already have knowledge; on the basis of this the gentlemen will receive a fixed rate of interest on their investments instead of dividends.

Only the Option and Loan Statement, shall be replaced with regard to the outside world by a pool agreement; in this case too, however, it must be made clear to the shareholders that should one of the countries in question enter the war this pool agreement is to serve only for submission to the authorities, in order to disprove the existence of any direct agreement with us, while the gentlemen would still continue to regard themselves as our trustees as heretofore. Besides we intend to induce the gentlemen to repay insofar as possible the loan advanced by us for the purchase of shares and participations so that if necessary they could prove that the expenditure was made out of their own funds.

In case the United States or one of the Latin-American countries in question should enter the war we intend to achieve the following by this improvement of camouflaging:

(a) The supplying with merchandise during the present war is of the uppermost importance for our Latin-American agencies. At the beginning of hostilities our agencies were relatively well provided with supplies, and even during the war it was still possible to forward from here fresh supplies on several occasions. Even today these means have not been entirely cut off. Yet, after a very short time, a shortage in one or the other product was noticeable there, and as time goes by necessary merchandise is lacking more and more. A considerable part of [those] products, which cannot be sent from Germany any more, may be received from the U. S. A. and, namely, primarily from companies, which are friendly to us, and if the latter are not in the position to make deliveries from other U. S. A. firms. When our agencies tried for the first time to obtain such products, from the U. S. A. which could no longer be supplied from Germany, several U. S. A. agencies voiced the doubt as to whether it would be advisable for them to supply firms, which are on the proclaimed enemy list. Only when it was pointed out that the firms in question were exclusively domestic companies of the respective Latin American countries, could the doubt be temporarily overcome. At the present time the supplies from U. S. A. are coming in in the desired quantity. If, however, the U. S. A. and with them the Latin-American countries in question enter the war, we must count on the certainty of a thorough reexamination of the question, as to whether the said firms may be supplied from the U. S. A.

(b) During the last year several of our Latin-American sales companies have obtained in conformance with our wishes and with your approval, the controlling interest in the already existing chemical enterprises, namely—

Alliance Commercial de Anilinas Ltda. in Brazil

The "Fluminense" and

The enterprise "Max Hamers"

herewith must be also added the Azofarben-Factory, which had been operated by us for a number of years at the Allianca in Rio de Janeiro.

(Compare your decision concerning the permit of -----)
the Cia. General de Anilinas y Prod. Quim. Soc., Ltd., Chila, at the enterprise
Max Taucher

(Compare your decision concerning the permit of -----)

And the Anilinas Alemanas Cia., Ltd., in Colombia which is acting for us at the "Inquico"

(Compare your decision concerning the permit of -----)

These industrial strong points have not only achieved considerable importance as places of production of the merchandise required by the sales agencies over there, but their importance for us and for expansion of German influence in Latin-America in general will in all probability increase considerably after the war. We may point out that some of these enterprises, as for example the "Fluminense" in Brazil, were acquired after strong competition with the important American chemical industry (Dupont de Nemours). Apparently the North American industry has also recognized the importance of these strong points.

(c) To the reasons given under (a) and (b) shall be added general considerations indicated in the introduction, which speak for camouflaging and which are still valid in Latin-America.

The maintenance insofar as possible of our sales organization, also during the war period, is, in our opinion, of the utmost importance. In view of the serious struggle with the producers of chemicals of other economic Empires, especially America and Japan for the dividing up of world markets, a struggle which is most certainly to be expected, a mere financial compensation after the war for possible losses will not suffice to cover the damages, which must necessarily occur, if the above-mentioned sales organizations and the industrial strong points should fall, if only temporarily into strange hands, because we must take into consideration the fact that they have a great deal of technical and commercial experience and valuable material of all kinds. There is also the danger, that the still existing supplies which are of the greatest importance in the resumption of operations after the war, will be wasted meanwhile and will find their way into the agencies of the middlemen, who, as we know from the experiences of the last war will for years to come disturb the regular market by means of this merchandise.

Finally, as we also know from the experiences of the last war, there is the very important question of permanent contact with the buyer, which must not be interrupted even for a short time, thus allowing him to become used to a strange dealer.

It is true, our intended improvement of the camouflaging has, as it was brought out during the oral discussion, the disadvantage that the German Reich after the end of the war will not be able to rescind with equal force a possible seizure of shares held by a neutral shareholder as in the case of a seizure of shares held by a Reich German. We, however, consider the danger for the activity of our agencies during the time after the end of the war as less great than that by which they are threatened in the meantime; should our North American competitors in the meantime succeed in gaining possession directly or indirectly of our sales companies as well as of the industrial strong points. Such damage as we have already stated above, could never be repaired. Moreover, we believe that the Greater German Reich, will demand, as it did in France, the repeal of all sequestration measures, not only those directed against Reich Germans, but also those directed against neutrals.

We should like to point out once more that our camouflage measures ensure our having dominant influence in business transactions and in the selection of the personnel. The verbally discussed case of the "Farma Platense" in Argentine is not at all a case of camouflage. We are holding an official participation of 50% in this company. Our weakness in dealing with our American partners cannot, therefore, be explained by camouflaging measures; this weakness results rather from the fact that we were forced after the World War to come to an agreement with the Americans who in the meantime have taken possession of our pharmaceutical patents. These Americans in drawing up the agreement, have retained the controlling influence in the business management of the "Farma Platense."

We, also, should like to emphasize, that until the end of the war the intended changes are nothing more than transitory measures and that after the end of the war they shall be subject also in South America to a thorough examination with your approval and that of the Organization of Germans Living Abroad of the Nazi Party.

Consequently we ask of you to permit:

(1) To place Mr. D. A. Schmitz' shares, as shown in the appendix, in other hands.

(2) To replace the existing direct agreements between the shareholders or partners and us by a Pool Agreement, along the lines of the attached draft,

9/25/40.

Distribution of the capital

Country	Partners		Share	Citizenship	Partners		Share	Citizenship
	Partners	Share			Partners	Share		
Brazil: Company with limited liabilities.....	M. Hamers.....	4,000:000\$000	German and Brazilian.....	M. Hamers.....	700:000\$000	German and Brazilian. German.		
	J. Marquardt.....	300:000\$000	German.....	J. Marquardt.....	300:000\$000			
	D. A. Schmitz.....	300:000\$000	U. S. A.....					
Argentine: Corporation.....	Dr. G. Wernicke.....	20.000	Arg.....	Mario Williams.....	20.000	Arg. Arg. Arg. Arg. Arg.		
	F. Ellerhorst.....	16.000	Arg.....	Dr. C. Linck.....	16.000			
	Dr. C. Linck.....	16.000	Arg.....	F. Ellerhorst.....	16.000			
	L. Sprung.....	14.000	German.....	A. Moll.....	28.000			
	D. A. Schmitz.....	20.000	U. S. A.....	Hosmann.....	20.000			
	A. Moll.....	14.000	Arg.....					
Chile: Company with limited liabilities.....	D. A. Schmitz.....	166.666,67	U. S. A.....	Negotiations still continue.				
	J. Marquardt.....	133.333,33	German.....					
Mexico: Corporation.....	D. A. Schmitz.....	25.500	U. S. A.....	J. M. Fischer.....	13.500	German. Mex. Mex.		
	J. M. Fischer.....	13.500	German.....	K. Thurmann.....	5.500			
	K. Thurmann.....	5.500	Mex.....	H. Schumacher.....	5.500			
	H. Schumacher.....	5.500	Mex.....	Negotiations concerning the transfer of the remainder of the share capital still continue				
Peru: Corporation.....	G. R. Cornejo.....	16.000	Peru.....	G. R. Cornejo.....	16.000	Peru. Peru. Peru. Peruaner.		
	Dr. Fr. Bank.....	8.000	German.....	Aug. Bedoya.....	8.000			
	D. A. Schmitz.....	16.000	U. S. A.....	Fr. R. Lanatta.....	8.000			
				C. A. Cornejo Espina.....	4.000			
			T. Taboada.....	4.000				
Country	Old status		Citizenship	Partners	New status share	Citizenship		
	Partners	Share						
Columbia: Company with limited liabilities.....	D. A. Schmitz.....	2.500	U. S. A.....	Negotiations still continue.				
	Eb. Welsbach.....	1.500	German.....					
	Th. Sohm.....	1.000	German and Chil.....					

EXHIBIT No. 4

MEMORANDUM FOR THE COMMERCIAL COMMITTEE BY OVERHOFF DATED SEPTEMBER 18, 1941, ON "PROTECTION OF LATIN AMERICAN AGENCIES"

Translation

Latin America

SEPTEMBER 18, 1941.

In order to acquaint you with the problems which must now be discussed, I should like to present you with a few figures which are indicative of the development of the business in dyes in Latin America during the war years. The gross turn-over, i. e. the sum total of business done in the individual countries, amounted to:

	RM.
1937.....	21, 652, 789
1938.....	19, 870, 298
1939.....	24, 281, 715
1940 (including merchandise).....	18, 613, 666
1941 (for 7 months).....	16, 652, 476

This shows that the turn-over during the war years has been very large¹ and that in particular during the last year, 1941, a large increase was noticeable. It may be assumed that the gross turn-over for 1941 will amount to from 27 to 28 million marks.

There are several reasons for this development. A certain tendency was noticeable on the part of our customers to stock up on our products. However, our agencies, in carrying out our directives, have followed a policy of caution and have prevented individual customers from over-stocking. More important, however, is the fact that we fortunately succeeded in raising the price level almost everywhere. We encountered the greatest difficulties in this respect in Uruguay and in Argentina. The reason for this was that these two countries are supplied to a large extent by the English chemical industry at cut-rate prices. In countries which cannot furnish any raw materials, etc. which are vital to England there is hardly any mention now of sales of English dyestuffs.

The last and decisive reason for this increase in turn-over is the fact that at present nearly all Latin-American countries, including their industries, are very prosperous. In 1940, great difficulties had to be overcome, but by 1941 the war boom made itself felt in the United States in an ever-increasing measure. Contrary to the pessimistic utterances frequently heard in the States, that country succeeded in replacing European business in South America. Naturally, it is possible that this is only a temporary state of affairs. For the present time, however, it is working against us, at least psychologically. Certain quarters in the United States are continually harping on the same string in pointing out that after the war Germany would try to supply its raw materials from other countries and would no longer be interested in Latin America. It would be vitally important for Latin America—so the argument goes—to convert its economy immediately and radically in accord with the needs of the Western Hemisphere. Because of special circumstances Argentina is the only country where such conversion has not yet taken place.

This great demand for our products could be satisfied only because we succeeded in shipping considerable quantities of merchandise, even during the war years. These shipments replenished the existing stocks which had been considerable even before the war.

The value of goods shipped to Latin America during the war years amounted to 50,915,000 RM. of which—

5,274,000 RM. were shipped by blockade runners.

4,314,000 RM. by way of Siberia.

The volume of [sales of] these goods was augmented by purchases from our North American friends, which at present amount to about 12,390,000 RM. (for dyes only).

Stocks still at our disposal in the various countries and in our agencies will be sufficient to supply the demand for a period of from 6 to 9 months even if the present business boom is taken into consideration. Generally speaking the situation in regard to available stocks is less favorable in the smaller countries than in the larger ones.

Furthermore, payments for our merchandise have reached us in a very satisfactory manner. From the very beginning we have endeavored to get as much

¹ This passage originally read, "sales during the war years have been considerably greater than the average turn-over during the prewar years." This passage has been stricken out and replaced by the above wording.

out of Latin America in one way or another as we have shipped there in the form of new merchandise. We have succeeded in this attempt, for—as I mentioned above—50,915,000 R.M. worth of new merchandise was shipped, in exchange for which we received during the same period from overseas—

	<i>R.M.</i>
In the form of clearing marks.....	11, 000, 000
In free foreign exchange.....	5, 000, 000
In foreign exchange for freight and insurance premiums, especially for shipments by way of East Asia.....	1, 500, 000
Total.....	17, 500, 000

These possibilities of transfers are by no means exhausted at the present time. I should like to mention the curious fact that Mexico and China are now the only countries from which we are still receiving free foreign exchange by way of Switzerland, although Berlin quarters were more than pessimistic, especially in regard to Mexico. The clearing agreement with Brazil has worked without any friction up to the present time. With the assistance of the banks we always have been able to find ways of effecting transfers in the other countries and to exploit such possibilities. The only exception is Colombia, from which a considerable amount of money due to us cannot be exported because of the especially strict regulations with regard to foreign exchange. We are constantly trying, however, to unfreeze the money in this country too.

In the matter of currency remittances we have always taken into consideration the fact that our agencies have sufficiently large means to continue their activities for years to come. The figures on these remittances obviously do not include expenditures for investments, which had become necessary meanwhile, nor amounts paid for Customs, for recurring expenses of the agencies, etc.

However, this unusually favorable situation has undergone a fundamental change during the last few months. The pressure brought to bear by the United States which found its visible expression in the publication of the extensive American "Blacklist" has increased enormously. The result is that purchases of merchandise from the States are no longer possible at the present time, at least not on a large scale. A few channels to the U. S. A. have been kept open thanks to the activities of our agents there, but it is only a question of weeks when they, too, will be shut off. At approximately the same time, we received word from Berlin that we could no longer count on sending out blockade runners. The way through Siberia is also closed until further notice. Transfers of money from overseas are increasingly difficult. The tendency toward boycotting becomes more marked. One of our gentlemen, Mr. Heinz Thol in Havana, was arrested three weeks ago as an espionage suspect (though the case against him was dropped after a while and he was released). As far as I know, unpleasant incidents have occurred at the agencies of other branches too (tar bombs were thrown against the building of the Quimica Bayer in Argentina, display windows of the Agfa were broken, etc.). Matters are coming to a head, as is evident by the fact that the Argentine Government, on the occasion of the messenger incident asked for the Ambassador, Mr. von Thermann, etc. The customers, too, are becoming afraid to buy from our Latin-American agencies which of course are all on the Blacklist. This fact in itself, however, does not cause me any great anxiety. As long as there is merchandise for sale our agents will succeed in selling it.

This change in the situation makes it necessary, I believe, to state once more the course we want to follow in the future. In this respect it is important to find out what assets I. G. still has in Latin-America at the present time. I am able to quote approximately correct figures for the branch "Dyes and Chemicals." The assets of this branch, consisting of accounts receivable, stocks on hand, investments etc., less money owed to banks, amount to approximately 23,000,000 R.M. at the present time. Together with the assets of the other branches our total risk in South America will amount to approximately 50,000,000 R.M. It is worth while considering the steps which might have to be taken in the future.

During the week before last when I was in Berlin together with our local representatives I tried to find out from the competent Government quarters whether there was any news and what opinions were prevailing in Government circles. Unfortunately, the competent gentlemen of the Ministry of Economics could not be reached. On the other hand, we had a long discussion with officials of the Foreign Office and of the Foreign organization. Generally speaking, governmental quarters are in no position at the present time to issue new and positive statements with regard to Latin America. The prevailing opinion, however,

which is identical with our own is that we must maintain our position as long as possible.

Well, this is nothing but a commonplace, and it therefore needs further implementation. Permit me to submit to you certain suggestions in this respect.

(1) *The problem of further shipments of merchandise.*—The government has no objection to exportation to Latin America except to Mexico and Central America. The Dyes Branch had dispatched 82 carloads via Siberia and of these 82 carloads, 7 were in Japan and 20 in transit through Siberia when war broke out with Soviet Russia. The others had either arrived on the other side of the Atlantic or were still floating around in the Pacific Ocean. It was a real surprise to everybody that the Russians released the 20 carloads in transit through Siberia without raising any objections so that we have not suffered any losses up to now. [Moreover, they also released shipments to China, Japan, Southeast Asia, etc.] Only the 27 carloads in Japan could not continue as the Japanese had stopped routing their shipping through the Pacific. This, however was apparently only a temporary measure, for in the meantime 15 carloads were dispatched from Japan to Latin America and there is the possibility that the remainder can also be shipped. It so happened that a considerable part of the merchandise contained in those 27 carloads was earmarked for Mexico and Central America. We have had no difficulty, however, in receiving permission from the Supervisory Office for Chemicals to let these shipments reach their destination.

Even after the liquidation of this business there is still a possibility of reaching Latin America. Contrary to our policy in respect to Latin America, attempts to run the blockade shall be continued with regard to East Asia. At the present time, there are three freighters in the harbor of Bordeaux, which are either loaded or in the process of being loaded. We decided to add to the loads of each ship merchandise for Latin America in the amount of about 500,000 RM. We did this because we are hoping that it will still be possible to reach Latin America from Japan. However, if this should prove impossible, the assortment shipped to Japan is such that it can be marketed without any difficulty in East Asia. It is planned to dispatch other freighters to East Asia during the next few months. We must therefore consider whether I. G. wants to participate in these ventures (called "Transport") in the future with regard to Latin America. It is understood that this will be done only when the other well-known requirements are fulfilled, for instance, when there is enough merchandise available, which is not required for other purposes.

Moreover, the Dyes Branch has the opportunity, in case that additional shipments to Latin America are made impossible, of transferring its business in one or the other Latin American countries to the General Aniline & Film Corporation. In view of the existence of the "Blacklist" this would be possible only if our own marketing organization remained completely inactive while the G. D. C. established an organization of its own if the necessity arose.

(2) *Transfers.*—I have mentioned above that there are still possibilities for transfers. We must, therefore decide whether and to what extent we will take advantage of these possibilities in the future. It must furthermore under all circumstances also be arranged that our agencies remain alive for as long a time as possible. This end cannot be attained by simply leaving the money standing on the other side, because then it may possibly be confiscated. Now some of our agencies, i. e., in Mexico and Peru, have arranged to hold a small extra reserve which does not appear in the books.

In Mexico the Quimica as well as the AGFA RM. 100,000 each. In Lima-Cornejo S 20,000 RM. 7,800.

This is, of course, comparatively little. The possibility should be considered of requesting the remaining agencies also to keep in reserve in the same manner money which could be withheld from possible seizure.

In this connection I should like to say a word about our sales policies. The agencies are of course informed that they cannot longer count on large-scale shipments from here. Except for making this point we have not attempted to exert any influence upon their sales policy because we may rightly assume that the safest place for our merchandise is in the storehouses of our customers, particularly as long as there are possibilities of making transfers.

(3) *Personnel.*—It is probable that the Italian air line will discontinue service at the very moment when the Americans establish their air line from South America to Europe. It must therefore be considered whether it is not advisable to use the Italian air line, as long as it is still operating, for recalling any of our younger gentlemen who can be spared on the other side. I am of the opinion however, that we have to leave it up to the individual employee whether he wants to run the risk of a transocean flight, a risk which is considerable. The cost of such passage

is very great, about 2,000 U. S. A. dollars. However, the question of cost hardly enters the picture, for obtaining reservations is so problematic that only very few of our gentlemen could be considered. Moreover, a departure from countries other than the A-B-C countries no longer seems possible, for the American air lines Panair and Panagra apparently do not accept any German passengers and furthermore, there is obviously no travel by neutral ships to the east and the west coasts. In Mr. von Humboldt's case, Argentina has even refused to issue a transit visa.

There would certainly be a great to-do, if we recalled our gentlemen from the other side in large numbers. This is most definitely not the intention of the Foreign Organization. Although we have already been faced with two instances in which definite requests for recalls were made on the other side, I am very much against this, and if at all, we should do so only to a very limited extent.

Another question is whether this should be left to the discretion of the families, the women and children, of our German gentlemen as to whether they want to return to Germany. These families would probably be able, even under present circumstances, to take Brazilian or Spanish ships sailing for Europe.

In this connection I should like to submit to you a few figures: The Branch "Dyes and Chemicals" has at present 88 employees sent by I. G.; 616 employees, residents of the respective countries.

Among the employees sent by I. G. there are 83 German nationals, 15 of whom have a dual nationality. However, there is also a considerable number of German nationals among the employees residing in the respective countries.

(4) *Investments*.—In regard to the branch "Dyes" our most important manufacturing plant on the other side is the Azo-Dyes Plant in Rio de Janeiro which has done a good business during the war. A very unfortunate accident has happened to this enterprise. The premises leased by us on which the Rio plant stands have been expropriated by the State for the purpose of constructing a superhighway and must be evacuated within the next few months. We have advised Rio to operate at full capacity as long as possible to order to accumulate as much stock as possible and to tear down the factory building afterwards. The loss of this stronghold is extraordinarily painful. To reconstruct this factory at some other location, either on our own property or on leased premises, is not advisable, since the possibility of the continuous shipments of the necessary semifinished products is more than doubtful for the time being. We are unable to get anything from the United States. This loss is particularly hard, as Dupont obviously will try to take our place. A few days ago we were advised that Dupont has taken up the manufacture of sulphur and Azo dyes in Argentina. At this stage we can hardly take any defensive measures, for the very reasons that make this an impossibility in Brazil. True, these products do not amount to very much in respect to turn-over or profits, for the demand is much too small to allow a production at a profit. However, Dupont will gain a considerable psychological advantage by being the first to undertake domestic production of these articles.

The enterprise next most important to us is Hamers, of which we are shareholders. Here, the situation is rather obscure, although Hamers as you all know, has signed a contract according to which we own 49% of the shares. However, in view of control measures and of espionage we cannot enter into a more detailed correspondence as we would thus endanger Hamers. At any rate he and quite a number of our more prominent representatives in Latin America, are on the Blacklist as is his enterprise. We are now attempting to begin production of alcohol sulfonates on a Chilean sperm-oil base. This is done to supply Brazil as well as other Latin-American countries with the more important products of the Cyclanon series. Berlin, however, has thus far refused to issue a permit for the transfer of our processes. We have to keep this in mind.

The other small plants which we own on the other side, as for instance

Taucher in Chile and

Cia. Ind. Varrando S. A., Sullana

as well as the small manufacturing installations attached to our storehouses in *Argentina and Mexico* are doing considerable business due to the war boom, help supply merchandise, and show considerable profits.

Obviously our other branches are faced with much greater problems as to investments such as those in

Fluminense and

Quebrasa in Brazil and

Inquico in Colombia

I assume that the gentlemen who are in charge of these matters will submit separate reports, for it is particularly in this connection that we must examine the question as to whether and to what extent investments can still be made at

the present time. Such an examination is also important in making other transfers successfully.

(5) Up to the present, there has been no discussion of the matter of what should be done in regard to our registered trade-marks and patents in Latin America in case of an emergency. Incidentally these values are not contained in the above-mentioned figures on our total assets.

By posing this question I have touched upon problems which should be the main topic of our debate. I should like to say in summary that the Latin-American states now as always are trying very hard to maintain their independence but that their chances of doing so are less promising in this war than in the previous war. In any case, the United States is trying in a much less subtle way and with considerably more energy than at that time to push us out of Ibero-America once and for all.

If the war should last much longer, we can expect very hard times on the other side and we must consider all eventualities. This means that a majority of the Latin-American states will at least adhere to agreements with the U. S. A. as to steps to be taken against the Axis powers.

And finally a word on the matter of *Camouflage* which, unfortunately, is still the subject of complicated discussions with the Foreign Organization. We are of the opinion that under the present circumstances we most definitely cannot do without such camouflage and that is one of the means aiding us in maintaining our position. We must admit that it cannot be predicted with certainty whether steps taken in individual instances will be effective over a longer period of time—although we have had some very encouraging experiences thus far. The decisive factor is that, though we have many enemies on the other side, we also have a number of friends who would like to help us and for whom we on our side must provide all assistance in the execution of this task. If, for instance, Argentine citizens of high standing are willing to take over the shares of the company and to pay for them with their own funds, it is impossible to insist that the name of the enterprise in question continue to be "Anilinas Alemanas." Such a name would mean that we would intentionally place them in a very embarrassing position especially because of the prevailing attitude towards Germany. The same applies to a number of South American firms which supply us with material. I wish only to mention the case of Celulosa Argentina. Actually we are no longer shareholders in this enterprise, which was established by a national firm, by Dupont, I. C. I., and ourselves. However, due to the intervention of the national group, a contract was signed according to which our agency will receive in consignment its share of the national production for the duration of the war. It goes without saying that Dupont as well as I. C. I., is continually urging this firm to cancel the agreement. It is not exactly easy for the national group to assist an enterprise called Anilinas Alemanas.

The same principles apply to our customers, part of whom call for their merchandise at night.

The last and most important factor is the following: The Latin-American Governments give in not without hesitation to the pressure brought to bear by the United States. If we want to help them in their resistance against a closing or a seizure of our strongholds, we can achieve this only by proving that the firms in question are 100% national, if ever their structure should be examined. Any mistake that we will make as to the outer appearance of such firms will be exploited to the fullest extent by propaganda and will eventually furnish a means of tightening the rope around our necks.

[Signed] JULIUS OVERHOFF, *Frankfort Main.*

[Insertion in ink:] 10th July 1945.

EXHIBIT No. 11

REPORT ON ACTIVITIES OF MOLL SUBMITTED BY FLINSCH, ANILINAS ALEMANAS,
ON OCTOBER 15, 1941

BUENOS AIRES, *October 15, 1941.*

No. 41.

Management Division—Dyes.
Management Division—Chemicals.

Re: Moll:

My cable of June 18, 1941, No. 38.

Your cable of June 21, 1941, No. 19.

After Mr. Moll had left my firm in last June, in pursuance of this exchange of cables and accordingly severed all his connections with it, insofar as was necessary

with regard to outside appearances, the old close and friendly contact with Moll and the management of my firm continued.

Consequently, the management of my firm was always informed in advance of all activities and plans of Moll with respect to the establishment of business relations with the U. S. A. which was contemplated by him. This also envisaged the inherent possibility of supplying my firm with goods. In other words, everything was discussed and executed by joint determination.

Unfortunately it must be admitted in this connection that all efforts made by Moll to establish business relations with the firms in question in the U. S. A. have been unsuccessful thus far. This is not due to any objections which may have been raised by certain authorities in regard to Moll's person or the style of the firm envisaged by him, because, by means of personal negotiations Moll was able, very adequately, to settle this matter which has been a major prerequisite for the firms in question in the U. S. A. To Moll's clarification of this situation, I only want to add that neither he as an individual nor the style of the firm contemplated by him has been placed on either of the two Blacklists, and that it need not be expected that such will be the case, unless something unforeseen were to happen. If, as mentioned before, the efforts to establish business relations with the firms in question have at least until now proved quite fruitless, I should like to say that in reply to Moll's pertinent inquiries the enterprises under consideration in the United States have stated time and again that they are not in a position either now or in the foreseeable future to accept or to execute any export orders due to lack of goods and shortage or requisition of raw materials which are important and required for other purposes. The noncooperative attitude of the firms in question has in certain cases been so marked that since about the end of July repeated inquiries by letter or cable have remained without a reply.

It is, of course, very hard to judge from here, whether the statements made by the firms in question on the possibility of effecting deliveries are correct, or whether they are merely pretexts, behind which are the real reasons, which they do not wish to give. On the strength of further observations and investigations made here, I am compelled to believe that under rather similar or identical conditions, other U. S. firms continued their deliveries here, even after the U. S. Blacklists went into effect, and/or that such suppliers are willing to continue their deliveries. Perhaps the various above-mentioned firms in the U. S. A. find themselves at present in a very special situation, which even if they wanted to would make it impossible for them to effect exports to this region despite any steps they might take.

In this connection, I am thinking of certain developments which have become apparent in the case of a particular firm in the United States. This firm is included in the sphere of interests of the enterprise in question. You probably know of this matter without my going into details.

As a result of this development, which unfortunately could not be foreseen, Moll, himself, has not been able to close a single deal, and for this reason has not been able to earn anything since he has been here.

In order to put a stop somehow to this state of affairs which also from the standpoint of earning is very unpleasant for Moll, I have had in mind completely to transfer to Moll part of my acetic acid business with Atanor Industrias Quimicas S. A., Buenos Aires (a permanent report was mailed to the Management Division—Chemicals by letter No. 228, dated July 23, 1941), in order through this business to afford him a renewed possibility to earn considering that sales prices are favorable even today. The entire matter, i. e., the problem of its execution is still rather vague so that I cannot be sure at this point whether it will thus be possible actually to provide a certain amount of compensation for Moll.

Since the year nearing its conclusion promises to be a favorable one for my firm with respect to both turn-over and profits, I wonder whether you would also favor the idea of placing an adequate amount [of money] at Moll's disposal even for this year in a plausible and neutral manner. I believe that my firm would find a proper way to handle this matter if you gave your consent. It might thus be possible to pay Moll an adequate sum as settlement, compensation or bonus, etc., in recognition of the services which he rendered as a member of the board of directors during the first half of the year, or toward the time of his subsequent withdrawal. I should like to leave it to you to decide the amount of the indemnification suggested by me. I wish to add that I have confidentially submitted this matter also to the President of my firm and that Dr. Linck is in complete accord with my opinion. I have not discussed this matter with Moll.

EXHIBIT No. 12

OVERSEA EXPORTS OF FARBEN DURING WARTIME, ESPECIALLY TO LATIN AMERICA

(1) 1939.—In the first months of war up to the end of 1939 the blockade was not yet so tight as later on. According to international agreements neutral vessels could carry goods of the belligerents except of contraband, i. e., war material, explosives a. s. o. Dyestuffs were not on the list. So I. G. made large use of that possibility. Dept. Latin-America for example continued to ship via Italy and Holland, of course, only by ships of that nationality. The total value of these shipments was R.M. 3,473,119 (figures taken from note of dept., Latin America, from Sept. 9th 1941). Certain customers in Latin America, for example America Fabril, Rio, an English influenced firm, managed it to get navicerts. The amount for such shipments was R.M. 956,000. R.M. 4,429,119—this was the total value of the shipments made by dyestuff dept. Latin America in 1939 before total blockade.

The goods went directly in transit to the different shipping agents in Geneva, Amsterdam, and Rotterdam, slightly camouflaged outwardly (without German marks) and in the shipping papers, not to be acknowledged as German on the first glimpse, should the allied control officer come on board. But if there had been a real control, the German origin of the dyestuffs would have been found out immediately.

The difficulty was to get enough shipping room, because not only I. G. but all Italian, Dutch, and German export firms, not to mention the other neutrals, were highly interested on these facilities, so long they might exist. So a certain change between the shipping agents took place to find out who had the best connections to the shipping companies. Nevertheless, in Geneva large stocks accumulated and I remember that it was necessary to send several times an employee of our shipping department in Frankfurt to Geneva. Finally, when navicert system really worked on, a large part of the goods was still in Italian and Dutch ports, and we had to bring later on the goods back to Germany with difficulties.

In the same period I visited Bianchi the plant for dyestuffs at Rho near Milano (51% I. G., 49% Acna, see my statement about the Florence meeting February 1940) to organize an export of Bianchi dyestuffs to the Latin-American agencies. It was not possible to export our own dyestuffs via Bianchi, because the license system of Italy made that difficult. So I gave lists of the wanted products, we picked out the equivalents of Bianchi and Bianchi calculated, whether the prices were bearable for him or not. Then they made offers to the Latin-American agencies. Some loads of Bianchi goods reached chiefly Argentine and Brazil but not very much. It appeared, that Accame, the manager of Bianchi, in spite of his relations to the British consulate (his wife was English) could not obtain navicerts from 1940 on, and soon Bianchi was blacklisted.

Our department dyestuffs Far South-East sent November 1939 dyestuffs and auxiliaries in total value of R.M. 1,267,380 to Amsterdam and Rotterdam, prepared for Dutch Indies. The head offices of I. G.'s representatives in Dutch Indies, which were Dutch firms, purchased these lots and sent them partly in 1939, partly January 1940 by way of navicerts to Java, Sumatra, etc.

Dept. China dyestuffs sent three smaller lots (10 t each), but of high-value vat colours, etc. (ca. R.M. 100,000 each = R.M. 300,000 in total) from Italy via Suez to Shanghai by the three Italian boats "Conte Verde," "Conte Rosso," and "Conte Bianca Mano," which arrived safely the port of destination. A fourth lot was prepared in Trieste, but afterwards brought back to Germany, because the English had begun to control in the channel of Suez and to seize German goods.

Dept. Japan sent one lot value R.M. 132,000.

Dept. dyestuffs Persia sent a large lot of about R.M. 900,000 chiefly for the plants of the Schah.

Chemical division of I. G. sent via Italy and Holland chiefly to Latin America, R.M. 1,751,464.17; Kalle & Co., R.M. 24,796.

So I. G. dyestuff and chemical division together R.M. 8,911,963 via Holland and Italy.

The figures for the other I. G. divisions, as Pharma and Agfa, are not available.

So far as I remember, the English authorities finally fixed a certain date (Nov. 27, 1939). All German goods, which were paid by neutral customers up to that

day, could be shipped freely to the ports of destination up to the end of the year. Later on navicert was necessary.

(2) *Camouflaged export via Italy 1940.*—So long as Italy remained neutral, it was obvious to use this country as a basis for camouflaged exports. So hundreds of German firms and representatives came to Italy, to find partners, and dozens of middlemen and brokers in Italy offered service to I. G.

The following documents, found in the files, refer to that period:

Letter of Weber (manager of Ko-fa Pharma-agency of I. G. in Italy, Milano, and "I. G. Verbindungsman") and Muller (procurist of Wipo, Berlin) Febr. 17th, idem Febr. 21st, idem Febr. 24th, letter of Weber January 26th, all 1940. June 29th Weber and Müller made a summary about the negotiations of I. G. in Italy for that purpose and this report gives the clearest picture of the situation.

I. G. was in a difficult position from the beginning. Successful camouflage could only be done with products, which were produced in the same or similar quality in Italy itself, because the allied consulates were well informed about the industrial production of Italy. So also a full understanding with the respective Italian manufacturers was necessary, that meant in the case of dyestuffs Acna Montecatini. Negotiations with Giustaniani, the general manager of Acna took place (this was evidently the so called Acna project, mentioned in the discussions with Alfredo Moll in Florence, February 1940). As the above-named correspondence shows, the attitude of Acna was first favourable, afterwards Giustiniani stepped back and not even the intervention of German authorities in the person of ambassador Clodins could change the position. That is easy to understand. At that time, Italian export firms, such as Acna, had an excellent chance on the world market and they wouldn't like to risk to be blacklisted. "Erba", the corresponding firm on the Pharmaceutical field, had the same point of view and it is my opinion that they both acted following an advice of the Italian government.

The same negative result gave the discussions with Baron Aloisi of the *Compania Commerciale d'Oriente e d'Occidente*, as the report from June 21st shows. I saw this man one day together with Mr. Pabst in Milano. My impression was so bad that I stopped immediately further considerations so far as dyestuffs were concerned.

Other I. G. divisions had better success with Ing. Tonissi in Genova, representative of Orenstein and Koppel, Germany, mentioned in the letter of Febr. 17th of Weber-Müller. This man evidently bribed employees of the allied consulates and got navicerts for camouflaged goods. As page 5 of the report from June 29th explains, the machinery for the explosive plant Villa Maria was brought to Argentine by that way.

Pharma and Agfa could arrange about some smaller lots with different industrials and changing shipping agents for U. S. A., South and Middle America. Of course camouflage was by far easier for them than for the bulk goods of dyestuffs and chemical division.

Concerning chemical products Mr. Walloth remembers, that the so-called broken transit for chemicals, mentioned in the letter of February 21st, never was executed. When transports from Europe ceased, the Latin-American agencies began to buy immediately chemicals in the States through Moll. The idea of the broken transit was, to sell chemical products, wanted abroad and manufactured in Italy, to the Italian producers. They should supply the Italian market with the German goods and send their own Italian production to the export countries.

That camouflaged business for Germany was not very much liked at that time in Italy, proves the remark of Baron Parisi of the shipping-agent firm of Parisi, Trieste, mentioned in the letter of Febr. 17th, page 2.

The "programme re distribution for the business of Lire 30.000.000 among various countries," dated Dec. 27th, 1939, was made for one of the above-mentioned discussions with Giustiniani, Acna.

By chance I heard from Mr. Pabst (at that time I was not yet in charge of the Iberian peninsula), that dept. Spain dyestuffs participated on blockade running from Genova to Barcelona by the Italian boat "Franca Fascio" and was successful several times. Finally the "Franca Fascio" was captured by the French and brought to Marseille.

When Italy entered the war, all further considerations concerning that country ceased.

(3) *Holland.*—Similar to Bianchi I tried to organise an export from the *Nederlandsche Farben- and Chemikalienfabrik Delft* to Latin-America. (The majority of the shares was in the hands of I. G.) I visited Holland together with Mr. Waibel and Groll. Meanwhile Waibel and Groll arranged about the exports to

the Dutch Indies, mentioned on page 2, I was in Delft. But that was in vain. Delft, well known in four-party cartel circles, as a daughter of I. G., was black-listed shortly afterwards and so no export was possible.

(4) *Post parcels*.—Concerning Latin-America, I have to mention here that item. During a certain period it was possible to send post parcels I believe up to 25 kg. on one ship, 5 kg. each, from neutral countries without navicert. We tried that with dyestuffs of high value, mostly Indanthrenes, to Brazil, Argentine, Colombia, Mexico from Portugal and Italy (Triest). We never got exact notice, which of the parcels arrived. Mr. Kestner, in charge of the shipments of dept. Latin-America, believes to remember, that from 150 parcels sent from Triest, ca. 30 reached destination. The rest was captured by the English in Gibraltar and the Italian shipping agents did not inform us in order to get furthermore the high fees for the parcels. A lot of such parcels in Portugal we had to sell on the spot, because soon that hole too, in the navicert system was closed again. The insurance value of the post parcels RM. 40,000 app.

(5) *Siberia*.—In the German-Russian agreement of Aug. 1939 the right of transit was provided for both parties. But special arrangements were necessary, until the details were cleared and fixed and so not before spring 1940 the first cars left Germany for the Far-East via Siberia. Dec. 1940 an interruption took place, probably in consequence of political or economical difficulties. Germany was late in the fulfilment of the agreements and had not delivered all the goods to Russia, machinery a. s. o., which were agreed upon, meanwhile Russia had fulfilled. So Russia did not give any more transit licenses, which were necessary for every car. Difficulties were overcome April 1941 and so the transit business was resumed and continued up to outbreak of war with Russia. At a certain period I remember negotiations concerning the transit fees, which were very high. Russia conceded a rebate to Germany.

I. G. participated on the transit traffic largely and provided carefully for warehouse facilities in East Prussia (Königsberg and Insterburg), in order to have the necessary products close at hand, whenever a free car was obtainable. In fact the total quantities of I. G. goods, which passed Siberia, were enormous.

An astonishing fact may be mentioned here: when war with Russia broke out, a considerable number of cars, carrying I. G. goods, was on Russian territory, for Latin-American only 18 with a total value of more than 1 Mill. RM. I. G. considered the goods lost. But one after the other the cars arrived safely in Japan, some of them months after the beginning of hostilities. Finally three loads of Hydrosulfite for dept. China, a cheap product, were missed. We never got an official explanation for that. But I suppose that the Russians at that time had an interest to keep Japan quiet and so for political reasons let the goods pass as destined for Japan.

The goods of I. G. were insured against war risks up to 50 percent by Assicurazioni Generali, Triest, an Italian firm, to 50% by Gosstrach, the Russian official organization for insurance. The insurance was arranged on basis of Swiss Francs. It did that by special authorization of R. W. M. in order to get foreign exchange also in case of loss. Other German firms had to use the ordinary German war-risk assurance on basis of Reichsmark.

From dept. Latin-America 82 cars in value of RM. 7,005,620 in total were sent via Siberia for Mexico, Central America, Cuba, Colombia, Peru, Chile, Argentina, Brazil; 3 remained in Japan, because Japan had entered the war before they were shipped over the Pacific. The single countries participated as follows: Brazil, 11; Argentina, 13; Chile, 9; Peru, 12; Ecuador, 1; Mexico, 22; Venezuela, 4; Colombia, 3; Costa Rica, $\frac{1}{2}$; Cuba, Guatemala, Salvador, $3\frac{1}{2}$. (Taken from the files, statement of dept. Latin-America Febr. 25th, 1942.) That was the plan. But I remember certain changes later on, because not in all cases was it possible to reach the port of destination. For example, first we could send also goods with ships, which crossed the Panama channel. Later on only the West coast was open. So it made difficulties to bring the last loads to Brazil and the dyestuffs finally were sold in Argentine.

The handling was the following: The "Doitsu," our agency in Japan, gave us names of Japanese men, dealers, I think, but the names were merely addresses for the land transport. The Japanese had not to pay the invoices. After arrival in Japan, Doitsu took over the goods and arranged about further shipment by Japanese boats. In the first months we could use also U. S. A. ships for the traffic along the South American coast. In general, the expenses were very high and the total transport needed up to 9 months. In Japan there was the same difficulty as 1939 in Italy and Holland: lack of shipping room. The Japanese needed the room chiefly for own purposes and evidently by precaution or as preparation for war the better and faster ships were held back.

The expenses for the transport from Japan our agencies had to pay in advance.

By far the largest quantities of dyestuffs and auxiliaries passed Siberia by order of our dept. China. The figures are: For China itself, 600 cars 900 t val. R.M. 24,578,045; for Manchuria, 80 cars 120 t val. R.M. 3,695,400. That is more or less a two years need.

Considerable damage was done by rough handling of the cargo, but was paid by the insurance companies.

Dept. dyestuffs Far South-East sent: To Siam, 12 cars 140 t R.M. 954,603; to French-Indochina, 2 cars 20 t R.M. 60,000; to Philippines, 1 car 10 t R.M. 174,530.

Dept. Japan, dyestuffs sent: 40 cars 450 t R.M. 4,293,350.

To Persia and Afganistan also some cars went via Russia.

To U. S. A. went a total of R.M. 3,479,845 in value, but the last cars were sold in Central America.

The chemical division could use the way through Russia in exceptional cases and for better products only. For the bulk products the transport was too expensive. But I suppose that Bayer and Agfa had an important traffic.

The total figure for chemical division was R.M. 1,241,507; for Kalle & Co., Biebrich, R.M. 19,152; for dyestuffs as above, R.M. 40,761,548; so for I. G. dye-stuff and chemical division and Kalle via Siberia, R.M. 42,022,207.

Figures for the other divisions like Pharma and Agfa not available.

(6) *Blockade runners*.—(a) To Latinamerica, action "Transit": Oct. 1940 we were informed that Reichswirtschaftsministerium planned in collaboration with the Supreme Command of Navy to start blockade runners to South America and that I. G. should participate.

The choice of the ships made the navy. RWM disposed about the shipping room and decided, who should send goods. All questions concerning land transport including costs, etc., were to be taken up with Schenker and Co., shipping agents, who organised a special office under Mr. Peters in order to keep confidence. For the same reason the number of the firms participating was strictly limited. The German firms had to send the goods to Perelon the German-Luxemburg, border. For the further transport cared Schenker. The port was Bordeaux.

The allocation between the participants took place on meetings RWM held in Berlin. Afterwards the I. G. divisions had to part again between themselves. Assurance was taken over by "Hermes," that means by German government.

Three vessels left Bordeaux in the first half of 1941 "Lech," "Hermes," and "Natal," all three reached Rio, "Lech" in the first days of March, the others shortly afterwards. The three shipments had the marks "Transit I-III."

List of participants

	Transit I	Transit II	Transit III
I. G.	1.380	561	755
Zeiss-Ikon A. G.	35	839	35
Siemens-Schuckert.....	1.000		380
A. E. G.	400		220
Klöckner-Humboldt.....	400		315
Exporters:			
Petersen.....	700	500	500
Stoltz.....	1.500	1.000	850
Th. Wille.....	850	250	900
Bromberg u. Co.....		250	200
Total.....	6.265	3.400	4.155 cm ³

The value of the dyestuffs sent to South America, by I. G. was:

I... 155 t (brutto)	R.M. 979.353
II... 188 t (brutto)	2.106.491
III... 201 t (brutto)	2.188.377
544 t	5.274.221

With transit I we made a test case for Argentine value..... R.M. 7.743
 Transit III took for Argentine value..... 163.910
 For Chile value..... 253.736

425.389

All the rest, that is R.M. 4.848.832 were for Brazil. We sent also intermediates for the Azodyes plant in Rio.

The figures of the other I. G. divisions are:

	Chemicals		Pharma		Agfa		Kalle	
I.....	19 t	R.M. 8.000	154 t	TM. 1.185.000	70 t	R.M. 118.000	195 t	R.M. 149.000
II.....	1.036 t	369.000	71 t	251.000	28 t	27.000	-----	-----
III.....	538 t	171.000	48 t	515.000	55 t	199.000	-----	-----
	1.593 t	548.000	273 t	1.951.000	153 t	344.000	195 t	149.000

So I. G. in total:

Dyestuffs	544 t	R.M. 5.274.000
Chemicals	1.593 t	548.000
Pharma	273 t	1.951.000
Agfa	153 t	344.000
Kalle	195 t	149.000
	<u>2.758 t</u>	<u>8.266.000</u>

The idea was, that the blockade runners should come back to Bordeaux with South American goods important for Germany in the war. But it appeared, that the return was by far more dangerous. So Transit I "Lech" was sunk, Transit II "Hermes" captured and brought to England, Transit III "Natal" only reached Bordeaux again and brought the following goods:

Quebracho extract (fabrication of Quebrasa, delivered partly to "Deutsch-Koloniale Gerbstoff A. G.," Karlsruhe	400 t
Rotil ore	100 t
Beryll ore	75 t
Ipecacuana root	10 t
Cotton	ca. 600 t
Oxyall	5

and castor oil, sunflower and cotton seed in unknown quantities.

August 1941 the Transport action was stopped (letter Wipo Sept. 8th 41). The reasons were the above-mentioned dangerous returns, but even more the situation in the different Latin-American countries; U. S. A. made it impossible to get the goods wanted in Germany. So it was decided, to continue only with blockade running to Japan (see letter (b)). The goods prepared in Bordeaux for Transit IV and by some firms also for Transit V had to be sold in Spain or Portugal or sent back to Germany. I. G. dyestuffs Latin America decided to take the lot over for "Transport."

The transport of the goods for Argentine and Chile made certain difficulties, because it lasted a long time till Brazil gave the permit to reexport them. But finally they reached destination.

(b) To the Far East, actions "Transport" and "Block": March 1941, we learned from RWM, that a similar action should be started to Japan, in order to supply the Far East countries with German goods and again I. G. should participate.

The general rules were the same as for "Transit," only the secret was kept tighter, no informations to the press were given after arrival of the boats and we were not fully informed about the participants. Concerning the latter point I found the following in the files:

Participants for "Transport II"

Firm	Tons (gross)	Cbm.	Firm	Tons (gross)	Cbm.
Demag	2.300	2.300	Illies and Co	172	225
Siemens	191	438	Carlowitz and Co	236	551
A. E. G.	48	91	Siemens and Co	300	-----
I. G.	1.437	2.523			
Kalisyndikat	1.500	1.500	Total	7,178	9,528
Otto Wolff (Voith)	994	1,900			

Furthermore, there is a copy of a circular letter of RWM, Oct. 28th, 1943, to the firms interested in the blockade-runner business to Japan in the period 1942-43. So it is very likely, that this is the complete list of the participants during 1942-43 (action Block): Siemens-Schuckert, A. E. G., I. G., Deutsches Kalisyndikat, Schering A. G., Otto Wolff, Illies and Co., Carlowitz and Co., Siemssen and Co., Kunst and Albers, Conrad Hinrich Donner, Winckler and Co., C. Melchers and Co., W. Maier, Carl Schlieper, W. Ferd, Klingenberg, Friedr. Krupp, Deutsche Edelstahlwerke A. G., Gebr. Böhler and Co., Schoeller-Bleckmann-Stahlwerke A. G., Steirische Gusstahlwerke.

Starting point was again Bordeaux.

The action was subdivided in two sections, period 1941-42 called "Transport" and period 1942-43 called "Block." But in reality such division was more or less arbitrary, the action continued and the departure of the vessels depended from the situation on sea and the dark nights.

As already mentioned, the goods prepared for "Transit IV" from dept. Latin-America dyestuffs in Bordeaux, were used for "Transports" beginning with III. Transit and Transport overlapped; when Transit to South-America was stopped, Transport to Japan already had begun.

"Transport" (1941-42) contained 5 boats.

I. STEAMER "RIO GRANDE" LEFT BORDEAUX JUNE 20TH, 1941. I. G. DYESTUFF AND CHEMICAL DIVISION (FOR THE OTHER DIVISIONS NOT AVAILABLE)

Division	Country	Weight (gross)	Value (assurance)
Farben	China	675 t	RM. 1,429,000
Chemik	do	270	152,000
Farben	Mandchukuo		
Chemik	do	154	74,000
Farben	Siam	48	56,000
Chemik	do	14	8,100
Farben	French Indo China	3	7,000
Chemik	do	23	10,000
Farben	Latin America	227	610,000
Chemik	do		
Farben		953	2,102,000
Chemik		461	244,100
Total		1,414 t	2,346,100

II. STEAMER "SEATTLE" LEFT BORDEAUX SEPT. 30TH, 1941

Farben	Japan	192 t	RM. 1,855,000
Chemik	do	4	14,000
Farben	China	189	531,000
Chemik	do	556	255,000
Farben	Mandchukuo		
Chemik	do	290	300,000
Farben	Siam	110	255,000
Chemik	do	28	21,000
Farben	French Indo China	23	61,000
Chemik	do	145	79,000
Farben	Latin America	208	562,000
Chemik	do		
Farben		722	3,264,000
Chemik		1,023	669,000
Total		1,745 t	3,933,000

III. STEAMER "REGENSBURG" LEFT BORDEAUX DEC. 20TH, 1941

Farben	Japan	51 t	RM. 674,000
Chemik	do	54	60,000
Farben	China	295	1,379,000
Chemik	do	298	154,000
Farben	Mandchukuo	118	406,000
Chemik	do	196	276,000
Farben	Siam	91	219,000
Chemik	do		
Farben	French Indo China	20	76,000
Chemik	do		
Farben	Latin America	175	743,000
Chemik	do	70	160,000

III. STEAMER "REGENSBURG" LEFT BORDEAUX DEC. 20TH, 1941—Continued

Division	Country	Weight (gross)	Value (assurance)
Farben.....		750	3.497.000
Chemik.....		618	650.000
Total.....		1,368 t	4.147.000

IV. STEAMER "TENNENFELS" LEFT BORDEAUX FEBR. 25TH, 1942

Farben.....	China.....	17	RM. 34.000
Chemik.....	do.....	155	55.000
Farben.....	French Indo China.....		
Chemik.....	do.....	34	29.000
Farben.....	Latin America.....	438	1.807.000
Chemik.....	do.....		
Farben.....		455	1.841.000
Chemik.....		189	84.000
Total.....		644 t	1.925.000

V. STEAMER "DRESDEN" LEFT BORDEAUX APR. 4TH, 1942

Farben.....	Japan.....	23	RM. 231.000
Chemik.....	do.....	0.5	1.000
Farben.....	China.....	188	713.000
Chemik.....	do.....	205	170.000
Farben.....	Mandschukuo.....	235	917.000
Chemik.....	do.....	217	245.000
Farben.....	Siam.....	61	190.000
Chemik.....	do.....	28	19.000
Farben.....	French Indo China.....	31	78.000
Chemik.....	do.....	16	8.000
Farben.....		538	2.129.000
Chemik.....		466.5	443.000
Total.....		1.004.5 t	2.572.000

So the total figures for Transport I-V were:

	(1) Dyestuffs		(2) Chemicals	
	t	RM.	t	RM.
China.....	1.364	4.086.000	1.484	786.000
Manchukuo.....	353	1.323.000	857	895.000
Japan.....	266	2.760.000	58.5	75.000
Siam.....	310	720.000	70	48.100
French Indo China.....	77	215.000	218	126.000
Far East total.....	2.370	9.104.000	2.687.5	1.930.000
Latin America.....	1.048	3.722.000	70	160.000
Transport total.....	3.418	12.826.000	2.757.5	2.090.000

The figures for the other I. G. divisions as Pharma and Agfa are not available. The figures in Reichsmark mean assurance values. The sales values are considerable higher.

As shown above under 6 (a) the total value of dyestuffs sent for Latin America by Transit I-III was—

Adding the Transport figures..... RM. 5,274,221
3,722,000

Total dyestuffs for Latin-America..... 8,996,221

by blockade runners.

I. G. did not continue with shipments for Latin America after Transport IV. Even the last shipments with Transport were made at a time, when Japan had

already entered the war and a transport through the Pacific was not longer possible. But because the goods were already in Bordeaux, we decided not to take them back to Germany but to leave them in Japan. Should war be over soon, perhaps we would have sooner a possibility to reach Latin America from Japan than from Europe. Should it last a long time, it would be easy to sell the lots in the Far East. The latter happened really. As statement of dept. Latin America May 7th, 1942, shows, not a single kilo of all the "Transport" lots reached Latin America. To a large part the goods were sold in the Far East up to 1945. The rest probably is still in Japan or China.

We were informed by RWM, that all five "Transport" vessels reached safely Japan.

"Blocks" 1942-43.—There existed the following blocks: I, II, U, III, V, X. Block I was divided between two boats: Steamer "Weserland" left Bordeaux Aug. 15th, 1942; Steamer "Irene" left Bordeaux Sept. 15th, 1942. Block II was divided between three boats: Steamer "N" name and date unknown, Steamer "E" name and date unknown, Steamer "Karin" left Bordeaux Oct. 10th, 1942. Steamer "N" reached Singapore as emergency port, perhaps damaged. Steamer "E" was sunk.

The names of the boats we learned later on from the bills of lading. Beginning with block U we did not get any more the bills of lading. So we have not only no names of steamers, but did not learn, how many ships were necessary to carry the single blocks. Neither do we know, whether all the goods really were shipped. So the figures beginning with block U represent only the goods sent to and prepared in Bordeaux. Probably the larger part really has been shipped to the Far East, later on, but I remember, that a small rest of dyestuffs and quite important quantities of Bayer and Agfa products were still in Bordeaux, when invasion came. Mr. Waibel tried to bring the goods to Spain, but it was too late and so they were probably captured.

Block I carried:

Dyestuffs	388.2 t	value R.M.	1.389.000	cif
Chemicals	148.6 t	"	126.000	
Pharmaceuticals				
Agfa products				
	536.8 t	"	1.515.000	

to the following countries: Japan, China, Mandchukuo, Thailand (Siam), French Indo China, Dutch Indies, Straits and Brit. Malaya, Philippines, Burma.

Block II carried:

Dyestuffs	751.1 t	value R.M.	2.841.500	cif
Chemicals	363.5 t	"	608.700	cif
Pharmaceuticals	34. - t	"	1.323.200	
Agfa products	59.8 t	"	426.000	
Machinery	29.9 t	"	88.100	
Air guns Genschow	2.3 t	"	13.800	

1.241 t value R.M. 5.301.000 cif

to the following countries: Japan, China, Mandchukuo, Siam, French Indo China, Dutch Indies, Straits and Brit. Malaya, Philippines, Burma.

The dyestuff lot to Dutch Indies was sunk with steamer "E."

Block U carried:

Chemicals	177.1 t	value R.M.	363.300	cif
Pharmaceuticals	45.5 t	"	925.600	
Agfa-products	58.2 t	"	312.400	
Machinery	51.9 t	"	134.900	
	333 t	value	1.736.000	

to the following countries: Japan, China, Manchukuo, Siam, French Indo-China.

Block III carried:

Pharmaceuticals	26.6 t	value R.M.	498.000	cif
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to the following countries: Japan, China, Mandchukuo, Siam, French Indo-China.

Block V carried:

Dyestuffs.....	28 t	value R.M.	65, 200 cif
Chemicals.....	11. 7 t	" "	43. 600
Pharmaceuticals.....	17. 6 t	" "	416. 700
Agfa-products.....	45. 2 t	" "	237. 800
	<u>103 t</u>	<u>value R.M.</u>	<u>763. 000</u>

to the following countries: Japan, China, Mandchukuo, Siam, French Indo-China, Dutch Indies.

Block X carried:

Pharmaceuticals.....	19. 5 t	value R.M.	504. 300 cif
Agfa-products.....	32. 8 t	" "	198. 900
	<u>52 t</u>	<u>RM.</u>	<u>703. 000</u>

to the following countries: Japan, China, Mandchukuo, Siam, French Indo-China.

Block I-X for I. G. in total:

	2. 291 t	value R.M.	10. 517. 000 cif.
For Japan.....	161	"	930. 000
For China.....	887	"	4. 789. 000
For Mandchukuo.....	523	"	1. 651. 000
For Siam.....	163	"	1. 372. 000
For French Indo China.....	159	"	423. 000
For Dutch Indies.....	281	"	989. 000
For Straits and Malaya.....	54	"	130. 000
For Philippines.....	40	"	133. 000
For Burma.....	22	"	103. 000
	<u>2. 291</u>	<u>"</u>	<u>10. 517. 000 cif. or</u>
Dyestuffs.....	1. 167	"	4. 296. 000 cif.
Chemicals.....	701	"	1. 142. 000
Pharmaceuticals.....	143	"	3. 668. 000
Agfa products.....	196	"	1. 175. 000
Machinery.....	82	"	1, 223. 000
Airguns.....	2	"	14. 000
	<u>2. 291</u>	<u>"</u>	<u>10. 517. 000 cif.</u>

All details about Block I-X circular letter Wipo, Febr. 18th, 1943.

February 1943 the action "Block" was officially closed. But Mr. Waibel had always the hope, that there would follow more blockade runners and so the goods remained at Bordeaux as above related.

April 18th, 1942, Wipo had told us, that the German firms were not allowed any longer to send goods for South America via Japan.

(c) Imports by blockade runners: We know about the following:

(a) Siam: Beginning with 1942 the money for the sales of I. G.'s dyestuffs in that country were given to the Siam Commercial Bank, Ltd., Bangkok, on advice of German Government, Berlin. I. G. received the countervalue in R.M. in Berlin from Reichsbank. The money was used for the purchase of wolfram ore. The total amount given by I. G. to the Siamese bank was appr. R.M. 2,500,000. The payments were continued up to Jan.-Febr. 1945. But we don't know whether the wolfram ore reached Germany.

(b) China: On advice of German government I. G. agency paid the following amounts in China to Deutsch-Asiatische Bank, Shanghai, and Tientsin:

For iron barrels.....	RM.	300. 00
For wood oil bought by Carlowitz and Co.; Shanghai, in Central China.....		600. 000
For opium bought in North China by Melchers and Co., Tientsin.....		1. 000. 000
For opium bought also in North China, but not delivered by the Chinese contractors.....		2. 275. 000

(d) Submarines: As Mr. Waibel told us, there existed ideas, to build large submarines to bring goods to Japan similar as it was done in the war 1914-18 to U. S. A. But that had to be postponed and afterwards to be dropped by lack of material.

As Dr. Capelle remembers, plans to export dyes in small receptacles have been under consideration, but have never come to terms. So it may be that ordinary war submarines took small goods for war purposes to Japan.

(7) *Via Spain.*—1943-44 dept. Latin-America had a possibility to do some camouflaged export to Argentine. The man, who arranged for that was Mr. Ch. Uebele, Barcelona, a German, who lived in Spain, but had also relations to Switzerland.

Uebele came to Frankfort with a recommendation of a director of the Norddeutsche Lloyd and was introduced to me by Mr. Ludwig, director of our shipping department. It appeared, that he had already brought goods from Italy to South America, wine I believe, via Spain. Uebele was a jobber, nothing else, but evidently a skilful man. We agreed to send dyestuffs to Argentine only, because with the other Latin-American countries Germany was in war already at that time or on warlike conditions. We did not want to run a risk too large and therefore we decided to send only one car every time. The scheme was simple enough for us. We had to send the goods outwardly camouflaged via France to Cerbère on the French-Spanish frontier. From there Uebele took them over to the free port, Barcelona. About the rest Uebele did not speak, but it was easy to guess, what was the way. The goods were taken over by a Spanish firm, which was in contact with Uebele, perhaps a plant of oil paints, earth colours or the like, cloaked as of Spanish origin and went with navicert of British consulate to Bilbao and further by the Spanish boats of "Aznar" (AZNAR) to the "Deckadresse" of our agency in Buenos Aires. Mr. Fernando Birk, manager of "Unicolor", Barcelona, our agency for Spain, paid Uebele for transport expenses in Spain in advance and for commission (20% so far as I remember) out of the secret cash personally to Uebele. For the first cars I remember we had to send a certain amount in Swiss Francs to an account of Ch. Uebele in Switzerland, later on all payments were made in Spain. Then the invoices were paid in the Spanish-Argentine clearing by Buenos Aires, Uebele brought the amounts personally to Birk and Birk put them in the secret cash of Unicolor. So we let the surplus of the business to dept Spain. We made modest prices in order to give the differences between our prices to Uebele and the selling prices on the Argentine market to Anilinas Alemanas.

On his visit in Germany Uebele evidently was not yet clear how he would arrange about the goods of I. G., because he received also a transport to Portugal. But it appeared that this was not necessary. One day in Spain, I think in 1943, I asked Uebele which Spanish firm he used, but he did not want to give up his secret, perhaps for fear to lose the business. But from two facts I am sure that there was such a Spanish firm. First we had to pay to Uebele separately for repacking the goods in Spain, and, second, Birk told me that there were difficulties when the first amount came from Argentina in the Spanish-Argentine clearing. The Spanish firm was informed by the clearing office that the amount was to their disposition, but the owner of the firm did not know about the matter and wanted to send the sum back. So it appeared that Uebele was in an understanding only with an employee of the Spanish firm. How he arranged it finally to get the money nevertheless and bring it to Birk I cannot tell. A further hint may be that Uebele did not want products with very high value. Colours of high value were not produced in Spain. So he took that, too, in consideration. It is possible that Birk guessed or finally found out the name of the firm, but we did not speak about that.

By that way the load of five cars (60-70,000 kg.) reached Argentina. The sixth car came back, because invasion had begun; the seventh was prepared at Ludwigshafen, but remained there. The amount of the invoices to Uebele might have been 300.000 RM. but the sales value on the Argentine market at that time was surely the double. Uebele helped also our Mr. Schaaf, dept. chemicals 8, to bring some small lots of sulphur from Spain to France 1943-44.

The files concerning Uebele were burnt by order of the "Abwehrbeauftragter" some days before occupation.

Summary.—So the following overseas exports were made by I. G. during wartime:

I. To Latin-America:

(1) Dyestuffs:

(a) 1939 via Italy and Holland.....	RM. 4 429. 119
(b) Post parcels.....	40. 000
(c) Via Siberia.....	7. 005. 620
(d) Blockade runners "Transit".....	5. 274. 221
(e) Via Spain, Uebele.....	300. 000

17. 048. 960

Adding the amount of purchases in U. S. A. according my note to K. A. Sept. 18th, 1941.....

12. 399. 000

29. 447. 960

NOTE.—From the lots under (c) provided for Latin-America remained in Japan ca. RM. 700. 000. On the other hand some loads destined for U. S. A. were sold in Central America. So the total amount at the disposition of the agencies was nearly RM. 30 millions.

(2) Chemicals:

(a) 1939 via Italy and Holland.....	RM. 1. 751. 464
(b) 1941 blockade runners "Transit".....	548. 000

2. 299. 464

So dyestuffs and chemicals.....

31. 747. 424

II. To the Far East and Far South East:

(1) Dyestuffs:

(a) 1939 via Italy and Holland.....	2. 599. 360
(b) Via Siberia.....	33. 755. 928
(c) 1941-42 blockade runners "Transport".....	12. 826. 000
(d) 1942-43 blockade runners "Block".....	4. 296. 000

53. 477. 308

(2) Chemicals:

(a) 1940-41 via Siberia.....	RM. 1. 241. 507
(b) 1941-42 blockade runners "Transport".....	2. 090. 000
(c) 1942-43 blockade runners "Block".....	1. 142. 000

4. 473. 507

So dyestuffs and chemicals.....

57. 950. 815

III. U. S. A.:

(1) Dyestuffs:

(a) Via Holland and Italy.....	95. 015
(b) Via Siberia.....	3. 479. 845

3. 574. 860

(2) Chemicals:

(a) Via Holland and Italy.....	RM. 83. 990
(b) Via Siberia.....	347. 075

431. 065

So dyestuffs and chemicals.....

4. 005. 925

I.....	31. 747. 424
II.....	57. 950. 815
III.....	4. 005. 925

93. 704. 164

Overseas export dyestuffs and chemicals.

FRANKFURT/M., 23. VIII. 1945.

(Signed) Dr. JULIUS OVERHOPF.

CHAPTER III¹

EXHIBIT No. 1

CORRESPONDENCE RELATING TO CONTRIBUTION MADE BY FARBEN FOR GOVERNMENT'S USE IN SUDETENLAND

[Translation: Dobbek/Herm]

Telegram

30-9-38.

To the FÜHRER und REICHSKANZLER ADOLF HITLER,
Berlin:

Profoundly impressed by the return of Sudeten-Germany to the Reich which you, my Führer, have achieved, the IG Farbenindustrie A. G. puts an amount of half a million Reichsmark at your disposal for use in the Sudeten-German territory.

(Sigd.) HERMANN SCHMITZ.

Copy to Geheimrat Schmitz, Dr. Ilgner, Direktionsabt., ZA-Büro, Frankfurt a. M.

[Translation: Dobbek/Straube]

Copy

DER STAATSMINISTER UND CHEF DER PRÄSIDIALKANZLEI
DES FÜHRERS UND REICHSKANZLERS,
Vosstrasse 1, Berlin. W 8, 30-9-1938.

HERR GEHEIMRAT SCHMITZ,
*I. G. Farbenindustrie Aktiengesellschaft,
Unter den Linden 82, Berlin NW 7.*

DEAR HERR GEHEIMRAT: The Führer and Reich-Chancellor has asked me to send you his sincere thanks for your telegram and the contribution of an amount of 500,000 R.M. in favour of the Sudeten-German territory.

The Führer has transmitted your contribution to the Sudeten-German Help-work; I have to ask you on his behalf to transmit the amount to Postal check account Berlin No. 68680 with Bank der Deutschen Arbeit, Berlin W 30, Gaisbergstr. 43, with reference to "Contributions in favour of the Sudeten-German Refugees Work."

Heil Hitler!

Yours obediently,

(Sgd.) Dr. MEISSNER.

[Translation: Langenbach/Voelkel]

I. G.

To: Minister of State and Chief of the Presidential Chancery of the Führer and Chancellor, Dr. Meissner.
Berlin W. 8., Voss-Str. 1.

ZA OFFICE, Oct. 4th, 1938.

"Sudeten-German refugee relief fund."

Privy Councillor Schmitz, Berlin, transmitted to us contents of your letter of Sept. 30th, 1938, addressed to him.

We beg to inform you that we have today paid the promised amount of R.M. 500,000 as desired, to the Bank of German Labour, Berlin W. 30, Gaisbergstr. 43, as a gift for the Sudeten-German relief fund.

I. G. FARBENINDUSTRIE AKTIENGESELLSCHAFT,
(Signed) WEBER-ANDREAE,
HOYER.

[Translation: Heese]

Assignment Nr. A 121 112 for payment of R.M. 500,000 (five hundred thousand Reichsmark).

¹ Exhibits 7, 8, 11, 12, 13, 16, 17, 18, 21, 23, 24, 25, 26, 27, 28, 29, 32, and 33 are on file with the committee.

To: Bank der Deutschen Arbeit (Bank of German Work) Berlin W. 30, Gaisbergstr. 43 (P. S. Berlin No. 686 80).

For the "Sudetendeutsche Flüchtlingswerk" (Gift for the Sudeten-German Refugees' Support) (see our today's letter).

To the debit of "Spenden und Vereinsbeiträge-Zentralstelle" (Central Office for Gifts and Contributions to Associations).

Account No. 04 201

Assigned by: Hoyer, ZA Büro, 22 Sept. 1938.

[Translation: Langenbach/Voelkel]

WINTER RELIEF FUND OF THE GERMAN PEOPLE,
BERLIN SO. 36, MAYBACHUFER 48-51,
Berlin, Oct. 6th, 1938.

The Delegate of the Reich.

To the General Manager of the Managing Board of Directors of I. G. Farbenindustrie A. G.

Re: *Sudeten-German relief fund.*

Privy Councillor Dr. SCHMITZ,
Berlin N. W. 7.

DEAR PRIVY COUNCILLOR: I beg to acknowledge with best thanks receipt of your letter of Sept. 30th, last, with copy of your telegram to the Führer and Chancellor.

It has given me sincere pleasure that for the relief of the misery of the Sudeten-Germans you have through the intermediary of the I. G. Farbenindustrie put at disposal an amount of RM. 500.000 and I beg to express to you my heartiest thanks for this gift.

(Signed) HILGENFELDT,
Delegate of the Reich for the WHW.

EXHIBIT No. 2

INTERROGATION OF DR. VON SCHNITZLER AND MAX ILGNER ON FARBEN-WEHRMACHT UNION

AUGUST 4, 1945.

Q. In your opinion what did the Vermittlungs stelle W. do for the Wehrmacht?

VON S. A. I can only guess. I think they had talks with high officers of the Wehrmacht and took the plans and suggestions of I. G. to the Wehrmacht and brought the plans and suggestions of the Wehrmacht to the I. G. I consider the activity more or less as an ambassador of a country who has nothing to say on his own, but who had to explain and inform and receive information himself.

Q. What kind of information did the Wehrmacht take from I. G. and what kind of plans do you think I. G. submitted to the Wehrmacht from Vermittlungs W.?

VON S. A. Let us take for example the Aken plant. Everything from the entire range of matters from where the plant would be located, what the plant would produce, what the Wehrmacht required, what transportation was necessary would be matters which would be taken up between the Vermittlungs W. representing I. G. and the Wehrmacht.

Q. Actually you told us this morning that on behalf of the appropriate Nazi government agency in the chemical field, an I. G. man, assisted largely by an I. G. staff and paid by the I. G., planned the building up of the chemical industries and metal industries for the Wehrmacht?

VON S. A. To a very large extent.

ILGNER. A. Yes; in the fields which had been reserved for Mr. Krauch's organization.

Q. In regard to the rearmament policy in special fields, I. G. personnel largely determined that policy. Is that right?

VON S. A. Yes.

Q. And I. G. benefited considerably in capital investments from the rearmament program laid down by I. G. personnel?

VON S. A. If you go by the balance sheet. You see, a large part of these new investments would have no post-war use to I. G. and we would be left with big factories and a lot of personnel.

Q. Would I. G. have preferred to negotiate with Japan for natural rubber instead of developing the synthetic-rubber industry in Germany?

VON S. A. We did not have the necessary counter value to pay for an unlimited amount of natural rubber. We could have bought certain quantities but it would have been insufficient to meet the demands of the Wehrmacht.

Q. Did the Vermittlungs W. of I. G. handle I. G.'s relations with the Japanese Military?

VON S. A. I don't believe that. I have never heard of it. That would be a very delicate matter and I think the chiefs would do that themselves so that I know that in respect to the hydrogen agreement which was just concluded in January of this year, Dr. Bütetisch, Mr. Ringer, and Mr. Pier handled those negotiations themselves.

Q. Did you ever participate in any negotiations with the Japanese? Are you familiar with any negotiations with the Japanese?

ILGNER. A. I was only invited for the lunch in Berlin at which the contract was signed and I know that with my foreign exchange department, Mr. Gierlichs and Mr. Hentze of the office of the commercial committee, Mr. Saxer assisted in some special questions.

Q. When did I. G. establish its Counterespionage Department?

VON S. A. I think it was in the war.

ILGNER. A. I think it must be in the end of the year 1940 or the beginning of the year 1941 because Fahle was back from the army. I know that.

Q. What were the functions of the Counterespionage Department?

VON S. A. It was the centralization of the questions arising out of that domain. Every I. G. branch factory had its own Counterespionage Department. This was a counterespionage agency in the factory and the men were named Abwehr Beauftrager, Mr. Schneider was made chief of the Berlin central counterespionage office.

Q. What did the NW-7 have to do in regard to Vermittlungs' W. questions?

ILGNER. A. The NW-7 really had nothing military to do with Vermittlungs W. matters. However, we had been handling questions in regard to the export of know-how and licenses and patents to foreign countries with which the Wehrmacht was directly concerned.

Q. What did you have to do with the export of know-how, licences, and patents to other countries which concerned the Wehrmacht?

ILGNER. A. We required the agreement of the Reichsstellechemie and handled the foreign exchange matters.

Q. So that you should be competent to tell me all cases in which the Wehrmacht prevented the export of I. G.'s know-how, patents, and licenses to foreign countries?

ILGNER. A. As far as these questions have come up to our foreign-exchange department, we would be able to give you from the files a history of the cases in which the Wehrmacht interfered. In the technical fields, the technical people dealt directly with the foreign representatives and we wouldn't know about it.

Q. In every case in which it was an export of know-how either technical or not, wouldn't the foreign exchange authorities have to be informed about it to arrange for the financial end of the transaction?

ILGNER. A. Certainly they would have to know about it, but please ask Mr. Gierlichs for the details.

Q. What did your agency do for the Wehrmacht and when did it begin to do it?

ILGNER. A. Beginning in 1939, the economic department of my organization established relations with Wehrwirtschaftsstab Thomas and I have already told you about Mr. Deithinger's preparation of material for the Wehrmacht and that Mr. Kruger, in the year 1939 before the war, was sworn into the Wehrmacht and handled the relations between my organization and the Wehrmacht. Before 1939, there certainly would have been occasionally contacts between my departments and Thomas, but I can't tell you precisely what the contacts were.

Q. What was Mr. Thomas' job?

ILGNER. A. He was the mobilizer of the German economy in preparation for war. He was a member of the general staff of the O. K. W.

Q. Before the war, before Germany began its military aggression, did your organization establish close contact with the Vermittlungs W. and begin to actively work for the Wehrmacht?

ILGNER. A. As to the best of my knowledge; no.

VON S. A. I don't know.

Q. Then to the best of both of your knowledge, the NW-7 or any of its departments did not actively engage in Wehrmacht matters either directly or through

the Vermittlungs W. even though your department, Mr. Ilgner, went on a war basis before the war with your permission?

ILGNER. A. If you ask me so precisely, I must say that I wasn't there.

Q. Were you there in 1938, in 1937?

ILGNER. A. Certainly.

Q. Then are you telling me that, if you were there, you wouldn't have participated in assisting the Wehrmacht in its plans for aggression?

ILGNER. A. I would have done the things that have been ordered by the authorities.

Q. But you told us this morning that in regard to Vermittlungs W., you wanted to assimilate the Vermittlungs W. in your department. Had you been ordered to assimilate the Vermittlungs W. in your department in 1935 and 1936?

ILGNER. A. I explained my purpose in this morning's interrogation.

Q. Before the war broke, Mr. Von Schnitzler and Mr. Ilgner, did you intend to establish close working relationships with the Wehrmacht in your own fields?

VON S. A. The Wehrmacht was another agency with which we were in continuous contact.

SUMMARY BY VON SCHNITZLER

In 1934 the Wehrmacht became important and, with increased tempo after 1936, the Wehrmacht became the prominent factor in the whole picture. Since 1934, a strong movement for investments in our plants for commodities of decisive military importance became more and more pronounced with the main objective of increasing the military potential of Germany. At first, autarchic principles to make Germany independent of importation from abroad was one of the leading objectives. Since the declaration of the 4-year plan in 1936, this movement took an entirely military character and military reasons stood in the foreground. Hand in hand with this, the relations between I. G. and the Wehrmacht became more and more intimate and a continuous union between I. G. officials on one side and the Wehrmacht representatives on the other side was the consequence of it.

I have read the record of this interrogation and swear that the answers therein given by me to the questions of Mr. Weissbrodt and Mr. Devine—and my summarized statement—are true.

VON SCHNITZLER.

EXHIBIT No. 3

[Translation: Dr. Buck/Werner]

HISTORY OF THE VERMITTLUNGSSTELLE W. (MILITARY LIAISON OFFICE)

Since 1934 conferences and discussions with various military offices and authorities in Berlin became more and more numerous and urgent. During the conference of the central committee at Ludwigshafen on 2.9.1935 was decided to create beginning the 1.10.35 an intermediary office W (= Wehrmacht) in Berlin, which had to take over and to sustain the connection between the 3 main lines of the I. G. and the military authorities. Dr. Krauch indicates in his letter to Dr. ter Meer of 5.9.35 that line (1) was managed by Dr. Ritter and a few times later also by Dr. Eckell. For line (2) Dr. von Brüning, Höchst, had been sent to the "central office for war-economical and war-political questions." By Dr. Gajewski's letter to the works of line (3) of 7.11.1935, Dr. Meyer, Wolfen-Film, is appointed for this line. The managing of affairs of the intermediary office W, line (3), is to be executed at Wolfen-Film's on behalf of utility purposes.

Circular, Frankfurt, 2.1.1936 (ter Neer-Selck), gives the information that a department for counterintelligence service (spying, sabotage, treason of working secrets a. s. o.) managed by Mr. Merbeck with its seat at Leverkusen, is attached to the office W. On 1.1.44 part of the functions of this department A will be taken over by the today new-founded office A of the main counterintelligence commissioner of the I. G., Dir. Dr. Schneider, Leuna, or his substitutes Dr. Diekmann (techn.), Dr. von der Heyde, or Dr. Rüdiger (commercial). The other functions of the office W will be fulfilled by the Berlin office (counterintelligence commissioner: Dr. Diekmann, substitute Dr. Gorr).

Owing to letter of 30.6.36 Dr. Ritter and Dr. Eckell will be replaced, because of charging with other duties (Dr. Eckell has changed to Reichs service), by Dr. Diekmann and Dr. Pfaundler for line (1) and from 1.12.36 Dr. Gorr, Höchst, for line (2) instead of Dr. von Brüning, who will return to Höchst.

A letter of Dr. v. Schnitzler and Dr. Ilgner of 3.2.1938 directed to the Reich's and Prussian ministry of war (of economical affairs and to the Reich's ministry of

war) expresses the following: For the treatment of war, economical questions and tasks as far as all affairs of all single I. G. works are concerned, the following offices will be destined:

Intermediary office W.—For: Control of raw material, planning and distribution of production, forwarding and stock of raw, intermediary, and finished products as far as exemption of service of the personnel needed, *the office of economical policy*, Berlin NW 7 for questions of commercial line, f. i. personnel and inquirement accounts for inland and foreign countries, increase of export, displacing of export, stock of external stores a. s. o.

It has been provided that there will be a close relationship between the intermediary office and the department of economic policy.

The office has been lodged in the administration building of the Länderbank, Berlin NW 7, Unter den Linden 78, in three, later on in 5 rooms, since 1.5.1937 in the building of Igerussko, Dorotheenstr. 34, in twelve, later on, in consequence of personal increase and including of the departments superengineer Wolf (attached house Hüls and Schkopau) and Zeikra (traffic projecting for case of mobilisation) in 23 rooms. The 30.11.39 there has been removed to Berlin SW 68, Kochstrasse 73, I, with 37 rooms.

Post office as before: Berlin NW 7.

Managers of the office W have been:

	Line (1)	Line (2)	Line (3)
Since 1.10.35	Dr. Ritter	Dr. v. Brüning	Dr. Meyer.
Since 9.5.36	Dr. Diekmann	do	Do.
Since 1.4.37	do	Dr. Gorr	Do.

As regards service gentlemen of line (2) have been placed under Tea-office Dr. Struss a few time before the war.

State of personnel

	Chemists			Dipl. Ing.			Technicals			Commercial clerks			Masc.	Fem.	Total
	Line			Line			Line			Line					
	I	II	III	I	II	III	I	II	III	I	II	III			
Oct. 1935	2	1	1										1	1	6
31. 12. 35	2	1	1										2	1	7
31. 12. 36	2	2	1		1								2	2	10
31. 12. 37	2	2	1		1					1			5	2	14
31. 12. 38	2	3	1		1					1			7	3	18
31. 12. 39	2	5	1								1		12 (2)	12 (1)	33 (3)
31. 12. 40	3	5	1								1		13 (2)	22 (5)	45 (7)
31. 12. 41	3	4	1								1		14 (3)	24 (5)	47 (8)
31. 12. 42	3	5	1					1					14 (4)	23 (6)	47 (10)
31. 12. 43	3	5	1		1			1					13 (6)	24 (4)	48 (10)

¹ Inducted to military service.

² Attached to office W. Ladies attached are employed at departments Wolf, Dr. Link (Reichs commissioner for dry ice) and I. G. phone central Berlin, attached to office for lodging and care.

Correspondence

Year	Receipt				Dispatch				
	I. G.	Author- ities	Strange firms	Sum	I. G.	Author- ities	Strange firms	Sum	Sa.
1936	3,566	578	184	4,328	3,751	852	83	4,686	9,014
1937	5,395	1,966	180	8,541	5,555	1,420	120	7,095	15,636
1938	8,436	2,359	603	11,398	9,576	2,640	200	12,416	23,814
1939	16,375	3,935	1,531	21,841	13,784	3,827	576	18,187	40,028
1940	28,359	7,279	1,314	34,952	22,961	4,800	750	28,511	63,463
1941	33,768	7,611	1,331	42,710	24,599	5,550	302	30,451	73,161
1942	37,509	10,045	1,452	49,006	32,199	6,260	774	39,233	88,239
1943	33,023	8,214	1,342	42,579	30,047	7,372	265	37,684	80,263

EXHIBIT No. 4

SEPTEMBER 18, 1945.

STATEMENT BY GEHEIMRAT DR. HERMANN SCHMITZ ON THE
VERMITTLUNGSSTELLE W

Before Hitler, Germany was in an economic crisis illustrated by an unemployment of 6 million people and our investments were abnormally low. As soon as Hitler came into power, things began to change and our investments grew. At first they began to rise slowly, but with the beginning of the Four Years Plan in 1936, they started to jump rapidly, and in 1938 they grew to an extent of approximately RM. 500,000,000. It was absolutely clear that our new investments were tied up directly and indirectly with the armament program. For example, in regard to magnesium and buna and benzine, and high-octane gasoline, all this was mostly done for Wehrmacht purposes. Therefore, it can be said that most of our whole investments since Hitler came into power were tied up with the Wehrmacht.

I was concerned about the financing and I wanted to keep down our finances as much as possible, and therefore we insisted in special cases on getting favorable amortization rates and on making sure that the new investments did not bring us to financial ruin. In this we were successful. Our new investments were generally made on reasonable financial terms. For example, in regard to the buna plant at Hüls, capital of roughly 100 millions had to be provided of which I. G. Farben took 74 percent and Hibernia 26 percent (Hibernia belongs to the State), and all the other money was financed by a loan of the Wirtschaftsministerium, respectively Reichsfinanzministerium, and other big loans from banks. This company has not provided much dividends. I am pretty sure that they were not higher than 5 percent, and that in the last year they did not pay a dividend at all. To give another example, Schkopau paid after a certain number of years 5 percent dividends and later on we made, for taxing purposes, a contract for Schkopau that the profits or losses had to be transferred to I. G. But in Hüls and Schkopau, both typical, the depreciations are considered to be normal.

In 1935 we had to set up a department called the Vermittlungsstelle W to handle affairs between the different works of the I. G. and the Wehrmacht, and I believe it was Dr. von Knieriem who took the matter up before the Vorstand to establish the Vermittlungsstelle W, and I believe it was Professor Dr. Krauch who was put in charge of the Vermittlungsstelle W. In 1936 Goering asked for an I. G. man to help him with the Four Years Plan and I discussed the matter with Bosch and we finally agreed that it might be better to have an I. G. man in charge and therefore we placed Krauch at Goering's disposal. And I remember that a few years ago when I attended Goering's birthday party, Goering said to me "I thank you very much that you have given me Krauch." And I am certain that Goering had complete trust in Krauch.

Early in 1934 at the order of the Ministry of Economics and the Ministry of War, I. G. started to prepare MOB plans on the order of Dr. Ungewitter, Reichsbeauftragter Chemie. These MOB plans were production plans which would go into action in case war broke out. I. G. like all German industry had to follow the policies of the Government, and we did. In my opinion, the Government armed to the fullest possible extent, and since the chemical industry was so important, I. G. had to devote itself also to making Germany as strong as possible with the rest of the German chemical industry for the case of war. But it must be said, that the years 1940-1943 have proven that the possibilities of armament were much greater.

While it is true that Krauch was at all times an official of the I. G. at the same time that he was with Goering—June 1940 Mr. Krauch left the Vorstand and became Chairman of the Supervisory Board, but practically he did not attend the meetings, the first Vice Chairman acting in his behalf—and he was paid by I. G. because he and his big family lived on that income. In my opinion Krauch was absolutely loyal to Goering and he made a magnificent contribution to Goering's Four Years Plan for the chemical industry. It must be emphasized here that the Government was a totalitarian government and that I. G. had at all times to follow the policies of the Government so that when we made an agreement on an international basis, that agreement was subject to the approval of the Government and we were well aware of the policies of the Government in that respect and we had to follow that policy. For example, our relations in regard to synthetic rubber, buna, with Standard Oil, dating since 1929, were closely followed by the Government and we pursued the lines of the Government. In concordance herewith, we received the Government's approval to two important agreements with I. C. I. in England in 1935 to the creation of a joint magnesium

plant in Coventry and in 1938 of a joint dyestuffs plant in Trafford Park. It was absolutely clear that insofar as international agreements were concerned in the chemical field that the Government wanted us to keep the Wehrmacht here as strong as possible. I. G. especially, because of its international position, was a very important factor to be used by the Nazi government, for I. G. was the greatest single provider of foreign exchange for the Government and the Government needed foreign exchange in order to buy the necessary raw materials for Goering's Four Years Plan and food, textiles, etc., for the people and the army. It should, however, not be forgotten that a big part of our exports were made with countries which did not pay or only partly paid in free currency.

H. SCHMITZ.

EXHIBIT No. 5

STATEMENT BY DR. STRUSS, AUGUST 7, 1945, ON THE VERMITTLUNGSSTELLE W

The establishment of this office at Berlin was carried out by Prof. Krauch about 1934. At the beginning each of the departments of Group 1 and 2 employed 2 to 3 chemists in that Berlin office; Group 3 never had a permanent representative in Berlin. At first the "Vermittlungsstelle W" occupied itself principally with problems in connection with a possible war. For this reason production plans had been worked out for each plant in case of a mobilization; furthermore "Planspiele" had been carried out visualizing cases of future air-raids and their possible consequences.

In 1936 the "Amt für deutsche Roh- und Werkstoffe" later "Reichsamt für Wirtschaftsausbau (RWA)" was erected by the German Government. Prof. Krauch more and more had to deal with problems connected with the management of this governmental office. To the same extent the chemists of Group 1 followed him into this office. For this reason the "Vermittlungsstelle W" at last preponderantly employed representatives of Group 2. The management was in the hands of Dr. Günther Gorr, who was placed under me; his deputy was Dr. Hans Wagner. In addition there were permanently employed 3 to 4 chemists, 1-2 engineers and an office staff of 30 to 40 persons.

Secret enquiries about orders and research and other work in connection with the armed forces should have been directed to and handled through Dr. Wagner; this procedure, however, was more and more discontinued as time went by particularly during the war. After the representatives of the armed forces had become acquainted with the technical experts of the different plants and fields, they contacted these experts directly without using the services of the "Vermittlungsstelle W." The Wehrmacht agencies thus directly gave suggestions and orders for development of special products or lines to the works. I obtained knowledge of these only occasionally if and when the respective expert informed me in spite of his obligation to secrecy (Schweigepflicht).

Larger projects for new installation which were carried out pursuant to military orders and required new buildings and equipment passed as secret projects through my hands. When the armed forces had decided to build a new plant at their own cost, I sometimes had no knowledge of the plans.

The main activity of the "Vermittlungsstelle W" during the last years was not any longer to cooperate with military departments, but to work in close cooperation with a number of governmental or semigovernmental agencies. These were principally:

	<i>Field of activity</i>
Reichsstelle Chemie (Government office Chemical Industry).	Allocation of chemical raw material, steel for maintenance and packing material. Distribution of final products.
Wirtschaftsgruppe Chemische Industrie.....	Allocation and direction of chemical production.
Reichsamt für Wirtschaftsausbau (RWA).....	Planning and erection of new construction and plant; allocation of building materials therefor.

Frankfurt/M. 7.8.45.

(S.) STRUSS.

EXHIBIT No. 6

[Translation]

DEVELOPMENT OF THE WORK OF THE VERMITTLUNGSSTELLE W

BERLIN, 31. 12.35.

With the creation of the Army, the German industry got the task to bring its plants and its organization in line with the building up of the defences of the country, which means to reorganize its existing plants and offices from the point of view of the armament. The newly founded Vermittlungsstelle W has as its task the simplifying and connecting up of those works inside of the I. G. The aim of this work is the building up of a tight organization for the armament in the I. G. which could be inserted without difficulty in the existing organization of the I. G. and the individual plants. In the case of war, I. G. will be treated by the authorities concerned with armament questions as one big plant which in its task for the armament, as far as it is possible to do so from the technical point of view, will regulate itself without any organizational influence from outside.¹

In close collaboration with the Minister of War, it was provided that the work of the I. G. should conform with the general development and in accordance with the rules given by the authorities with respect to its requirements.

In the Vermittlungsstelle W the work for armament of all the plants of the three divisions are joined. An agreement has been made with DAG (Dynamit Nobel) to the extent that DAG works together with the Vermittlungsstelle W only on supplies for raw material and planning works. Whereas questions dealing with the developmental work were not made by the Vermittlungsstelle W.

To the field of the work of the Vermittlungsstelle W belongs, besides the organizational set-up and long-range planning, the continuous collaboration with regard to the armament and technical questions with the authorities of the Reich and with the plants of the I. G.

A. LONG-RANGE PLANNING

1. *Planning works for armament*

(a) *Central Office of the I. G. (Division of Production).*—To secure in case of war, execution of production in the plants of the I. G., one must prepare an I. G. office, making use of the organizations of the different divisions and the existing institutions which would act as connecting link of the government offices. The most suitable form for this organization should be found by practicing different schemes. Such a scheme, which should demonstrate the work of this contemplated office was in preparation for Division I in the nitrogen field.

(b) *Individual works of the I. G. (for the purpose of securing Production).*—To secure from the beginning the collation of all the armament and technical questions in the different works already during the time of the development one has appointed a staff in each works of the three divisions. The same was provided for the commercial offices and the centralized administrations, although the most suitable form for these organizations will only be found after outbreak of war and by the experiences gained in the war.

This staff was set up in the different works in close connection with the existing organization of the plants. The manager of the plant should be in principle the man who is alone responsible for all the armament questions and questions connected therewith. The managers of the plants are to a great extent thoroughly familiar with the armament developments and working schemes were lined out as far as this was possible in the present state of development.

To prepare the members of the staff on the different decisions which must be taken in case of war it is necessary to exercise by pseudo games or manoeuvres the technical problems which may come up. In these pseudo games all the possible disturbances and their effects on production of the works and further the respective measures which would have to be taken to secure the most important productions, should be taken into consideration.

These preparations can be made use of even in normal times, especially in cases of a catastrophe. The air-raid prevention organization recently formed should be taken into the new set-up for the prevention of catastrophes in the plants.

These measures adopted for the armament should lead to a uniform organization under the leadership of the plant manager in each of the I. G. works which connects all the armament and technical questions including protection against

¹ The work in this direction was in principle agreed upon with the Ministry of War (Wehrwirtschaftsamt) and from this office with the Ministry of Economy.

catastrophe and air raids and which can be used in normal times whenever any disturbances may occur in the plants.

2. Working of the plans for mobilization

The aim is to make up the plans for mobilization for all plants in close connection with the authorities concerned with the armament. These plans are worked out under the presumption that I. G. takes the necessary measures in its plants to execute the orders for the mobilization. In cases concerned with the demand of raw material or finished products from outside the works and in questions of labor and transportation, each of the plants of the I. G. works just like every other industrial plant, with the organization offices of the government in their respective spots.

Attempts were made to find out the prospective particulars for the production of the different I. G. works in the case of war. Only in very few cases which were especially important products for the war, one could get a certain picture of the necessary requirements. It will take a long time for the development work until one could see really clear as to the actual requirements in the case of war.

A scheme for mobilization for war (technical part) based on present recognitions, was set up, just as well as a scheme for the I. G. works (chemical industry). We can expect that the authorities will give, at a later date only an indication for the execution of that part of the scheme which has purely the character of a timetable, the presumable structure of which was already taken into consideration.

B. CONTINUOUS ACCOMPLISHMENT OF THE WORK

The continuous developmental work in the field of armament and technical questions connected therewith is fixed and agreed upon (in further collaboration with the Vermittlungsstelle W.). Contact is made with most of the experts of the I. G. works and the governmental departments.

1. *Developmental Work.*—A big range of cases was already settled or is worked on.

2. *Contract, licenses, and exchange of experiences.*—Instigated by Dr. Krauch and Dr. von Knierien, the Ministry of War created an office which deals for all the different parts of the army with the above questions. A few questions have already been taken up and cleared with this office.

3. *Patent Questions and Secrecy.*—Induced by Dr. von Knieriem, the I. G. will take up all the questions concerned with patents in the armament field through the medium of Vermittlungsstelle W. The Vermittlungsstelle W has and will settle continuously those patent questions.

4. *Visitations with officers, inquiry in plants.*—It was agreed with the plants that the Vermittlungsstelle W will be informed on announced visits or inquiries by the officers of the government in order to be able to take part and evaluate the discussions. Some visits were initiated and evaluated.

5. *Preventive measures against espionage and sabotage.*—Prompted by Professor Selck a "Department A" was created in the Vermittlungsstelle W which is at the disposition of all the I. G. offices for the different preventive measures and questions of the security service in the plants (manager: Merbeck of Leverkusen). It was agreed with the Ministry of War that contrary to the general rules, exchange of experiences and assistance in these preventive measures inside the I. G. through the Vermittlungsstelle W can take place. A uniform evaluation and attendance, if something comes up, is guaranteed herewith, and the plants which have nobody in charge of preventive measures, have the possibility of making use of the experiences made in the different plants of I. G. for their own work and to settle the questions coming up in a proper way.

EXHIBIT No. 9

STATEMENT BY DR. STRUSS, AUGUST 13, 1945, ON MOB PLANS

13 AUGUST 1945.

In 1934 I. G. received an order from Mr. Ungewitter, chief of the Wirtschaftsgrope Chemie, to prepare production plans in the case of war. In my opinion Mr. Ungewitter received his order to prepare such plans from the Ministry of Economic on the one hand and the Ministry of War on the other hand. I know that a representative of the Ministry of Economic, Dr. Lenz, and a representative of the Ministry of War, Dr. Mureck, assisted in the making of these plans. I remember that Mureck, often told us that the Ministry of War wants the plans drawn up in such and such a way. After I. G. received the order each

plant of I. G. prepared its production plans in a case of war. These plans were submitted to Mr. Ungewitter.

When the war broke out we received an order that the production plans prepared for the Ministry of Economics and the Ministry of War were in action. In regard to new developments, new plants, those plans were under Mr. Krauch and the 4 years, plan since 1936. The first Krauch plants were constructed and finished in 1937. He was in charge of all new constructions and enlargements of existing facilities.

There was still a third development: In respect to certain products, like magnesium and centralite, the Luftwaffe or the Wehrmacht at first went directly to the plants, and arrangements were made for new constructions and new plants and new production. Later on that too went through Mr. Krauch because the supply of such raw materials as iron and steel could only be allocated to I. G. by the order of Mr. Krauch.

3/8/45.

(S.) STRUSS.

EXHIBIT No. 10

INTERROGATION OF V. SCHNITZLER

18 AUGUST 1945
Time 9:40-10:40

Q. When was the Wirtschaftsgruppe Chemie organized?

A. The Wirtschaftsgruppe Chemie was organized in 1933. It grew out of a private association of the chemical concerns which was a very old organization. However, in 1933 it became a semiofficial organization and its functions were to advise the government on policy matters in the chemical industries.

Q. What was your position in the Wirtschaftsgruppe Chemie?

A. In the Wirtschaftsgruppe Chemie I was member of the "engerer Beirat" (the inner Board), since 1933.

Q. What official position did you hold?

A. I was deputy chairman of the Wirtschaftsgruppe Chemie which was a component of the Reichsgruppe Industrie.

Q. Who appointed you deputy chairman of the Wirtschaftsgruppe Chemie?

A. Insofar as I can remember the chairman of the Wirtschaftsgruppe Chemie was appointed by the Ministry of Economics. I think I was appointed by the chairman of the Wirtschaftsgruppe Chemie as his deputy. Of course, my appointment could not have been made without the consent of the Ministry of Economics.

Q. Who was the manager of the Wirtschaftsgruppe Chemie?

A. Dr. Ungewitter.

Q. Who was Dr. Ungewitter appointed by?

A. Dr. Ungewitter was formerly in the Verein the manager of the Wirtschaftsgruppe Chemie and then, of course, he was appointed by the Ministry of Economics.

Q. Who paid the salaries?

A. The Wirtschaftsgruppe.

Q. How did the Wirtschaftsgruppe get its money?

A. In the form of an "Umlage" on account of the chemical firms based on the totality of wages and the number of employees. Membership in the Wirtschaftsgruppe was compulsory.

Q. In regard to important steps or decisions to be made by the Wirtschaftsgruppe were you informed?

A. Yes. When important steps were to be taken the leader convoked the "engerer Beirat."

Q. Can you give me an example of a policy decision made by the Wirtschaftsgruppe Chemie?

A. The two most important things the Wirtschaftsgruppe Chemie has done were: Firstly the Z. A. V., the "Umlage" of the Z. A. V. on the industry. That was in 1934 or 1935, and secondly, during the war it handled the question of the statements of the excess profits from the standpoint of the price commissars.

Q. What were the "Mob" plans?

A. The Wirtschaftsgruppe or its different affiliations had the function to control the entire production in the chemical field and to prepare the distribution of the available and the needed commodities. This was done for every important product of the chemical industry. I remember that the most important commodities figures on a special list which was particularly supervised by Dr. Unge-

witter personally. The production plans of the different branches of the chemical industry could only be made up in accordance with the prescription of Dr. Ungewitter. Dr. Ungewitter in his person united different functions.

Q. Can you give us the history of the development of the production plans for war, i. e., the "Mob" plans?

A. From the very beginning of the Nazi regime the Wirtschaftsgruppe was charged with semiofficial functions in order to prepare an eventual German mobilization for war. In this connection they made an analysis of every chemical firm in Germany what their producing capacity was and what they had in stock, etc. For the so-called great commodities a production plan has been made up and the distribution for the needs of an eventual war was prepared. Representatives of the Wirtschaftsgruppe, that means officials, acted in close collaboration with the Ministry of Economics and the Ministry of War to collect that material and got from the different firms those plans which he did approve or disapprove. With the beginning of the war the long-prepared system was put into action and functioned with the greatest accuracy. No firm was allowed to go beyond the production plans fixed beforehand and the commodities used for their manufacturing were strictly controlled. Thus Wirtschaftsgruppe and the other affiliations were from the very first beginning an instrument which served as an intermediary between the Ministries of Economics and War and the individual firms.

Q. When was the order putting the plans into action issued?

A. All the German industries were mobilized in summer of 1939 and in summer 1939 the Wirtschaftsgruppe Chemie issued an order that the plans for war were in action. In June or July 1939 I. G. and all heavy industries as well knew that Hitler had decided to invade Poland if Poland would not accept his demands. Of this we were absolutely certain and in June or July 1939 German industry was completely mobilized for the invasion of Poland.

G. VON SCHNITZLER.

EXHIBIT No. 14

STATEMENT BY MAX ILGNER, AUGUST 4, 1945, ON THE ASSISTANCE RENDERED BY FARBEN TO THE WEHRMACHT

(By M. Ilgner)

[Typed: Radtke]

FRANKFORT ON-THE-MAIN, 4.8.45.

Attention: Mr. Weissbrodt

Since the 4-year plan was introduced in 1936, in connection with the rearmament and autarkie program of the government, the Wehrmacht questions became more and more the deciding factor in Germany. I. G. as the leading German "Wehrwirtschafts-Betrieb"—by the fact of her many war-important productions—was regarded as a very important factor in connection with the measures taken by the government, to enlarge the capacity of those fabrications, which were important from the point of view of the "Wehrwirtschaft," that means the preparation of all measures to be taken by business life in the case of war. I. G. (which had already contact years before 1933 with the Heereswaffenamt (Bockelberg, Liese, Thomas), amongst others on the question of the introduction of the Leuna gasoline in the form of an "Einheitstreibstoff" in the German market) was asked to assist in this respect, and Bosch consequently introduced Krauch to the 4-year plan, where he became the chief of the "Reichsamt for Wirtschaftsausbau" and the "Generalbevollmächtigte für Sonderfragen der chemischen Erzeugung"; this concerned nitrogen, gasoline, buna and magnesium, all these being fields, where I. G. was both in respect to scientific work (patents and know-how), as well from the industrial point of view the real deciding enterprise and in which field I. G. would have got in every case the order to enlarge her capacities. For this same reason—in my opinion—it was the idea of Bosch, to present just a man like Krauch, when he was asked, to nominate someone, because he wanted to have a leading and energetic chemical expert, who was able to direct and watch this whole planning in these special chemical fields, so it was done in an intelligent way from the economic point of view, and that no measures were taken which were directed against I. G. Nevertheless Krauch later on got always troubles and obstacles in his activity by Kehrl, the most deciding man in the last years in the ministry of economics and later on in the

ministry of armament as well as in all economic questions in Germany of the last years.

I. G. had to enlarge in a considerable way her capacities, but it was the general policy of I. G. in this connection to finance those new investments, which were valuable from the point of view of civic-consumption in peacetimes, by herself and to try to get the other investments financed by the government.

After Krauch entered the 4-year plan, he still remained up to 1940 member of the board, being on leave from I. G., and then stepped out of the "Vorstand" and became chairman of the supervisory board of I. G. When Krauch started his new job, he took with himself a staff of people from I. G. to his new position, which were also on leave from I. G. but remained on the pay roll, this was handled by Ludwigshafen (Wurster), which was a general rule during the war re. all I. G. employees taken over by the Wehrmacht, to whom I. G. paid 85% of their old salaries during all the time they were with the Wehrmacht—but his staff consisted as well of other employees and leading chemical and technical men from other firms, as well as Krauch was assisted in his work by leading chemical and technical men of I. G. as honorary collaborators in the various I. G. fields concerned. During the war Krauch also took over such qualified I. G. employees, which would have been taken otherwise by the Wehrmacht.

When in the year 1938 the so-called "M-Frage" was discussed in the commercial committee as well as by the "Sparten"—this means the question, how the personnel of I. G. would be used in the case of war—this question was handled, as far as the commercial employees are concerned, by the Wirtschaftspolitische Abt. (Terhaar, v. d. Heyde) and on behalf of the technical employees by the Vermittlungsstelle W. and the letter mentioned today to v. Schnitzler and myself must have concerned the coordination of Wipo and Vermittlungsstelle W. in respect to this question; this was necessary, as there was one general policy in regard to social and personnel questions in the I. G. and the technical and commercial employees of I. G. couldn't be treated in a different way in the case of war. The Vermittlungsstelle W. was created by Krauch and Selck in 1934; it handled in the beginning—but it might have been also later—the "Industrierverschleppungsfragen;" on this question also v. Knieriem is informed. As these questions also were handled by departments of I. G. Bln NW 7, I asked for coordination, in the same way as in regard to the personnel questions of the M-Frage. The Vermittlungsstelle W. was, with the exception of some personnel—resp. social-questions (all leading and qualified employees of Verm. Stelle W. were on the pay roll of Ludwigshafen and the lower staff as well as the social questions re. the "Arbeitsfront" in the line of the "law for the regulation of the national labour" were handled locally by the Gefolgschafts-Abteilung I. G. Bln N. W. 7), in all material questions an independent organisation of the three "Sparten" (Sparte I: Schneider, Bütetisch, Müller-Cunradi, II: ter Meer, Hörlein, Ambros, Burgin, Jahne, Kühne, Haberland, Lautenschlager, Wurster, III. Gajewsky, Kleine) and was under the direct conduct of the three Sparten leaders. The management of the Verm. Stelle W. (Gorr, Dieckmann, and others) were the link between the Wehrmacht and the other authorities concerned on the one side and the Sparten on the other side. Sparte III made the least use of the Verm. Stelle W., as Gajewsky was often in Berlin and had the possibility of a direct contact; in Sparte I, after Krauch stepped out of the Vorstand of I. G.; there was a division in the conduction between Schneider (nitrogen) and Bütetisch (gasoline).

In the year 1939 the Wehrwirtschaftsstab Thomas asked and got the assistance of the economic department of I. G.—this being handled by general Thomas and Krüger, resp. Reithinger—and in the beginning of the war, Krüger became an officer in the army in the Wehrwirtschaftsstab Thomas and in same time a command to I. G. N. W. 7, in order to secure the full assistance of the economic dept. of I. G. for the Wehrwirtschaftsstab, but on this matter Reithinger really is informed especially on the precise dates.

In 1940, by request of the O. K. W. "Abwehr-Abteilung" Kanaris a so-called Hauptabwehrbeauftragter of I. G. was nominated and the department A (Dieckmann, v. d. Heyde) was formed in assistance to this function. The Hauptabwehrbeauftragte should be the central contact man between the Abwehr-dept. of the O. K. W. and all Abwehrbeauftragte in the various I. G. factories and other I. G. departments, who were already in function since years. A. means Abwehr, that is counter-espionage, especially in the factories. To the position of the Hauptabwehrbeauftragte, Schneider was appointed, as it should be a member of the highest institution of I. G. (Zentral-Ausschuss), who had the authority and position to pass instructions to the various chiefs of the I. G. factories and other departments.

(Signed) MAX ILGNER.

EXHIBIT No. 15

STATEMENT BY VON SCHNITZLER, AUGUST 8, 1945, ON FARBEN'S POISON GAS EXPERIMENTS AND MANUFACTURE

The I. G. by force had to follow the general development in Germany. Whatever government ruled Germany, the key position of the I. G. in the whole chemical field undisputed since I. G.'s foundation in 1925 had to play and always played the decisive role in everything which was connected with chemistry. I remember a remark of Stresemann made to me in 1927; What have I as a trump in my hands apart of you, the I. G., and the coal people? That I. G. would follow a line, which was not in conformity with the line of the government, was simply imaginable and that I. G. could refract from an order given by the government or take the attitude of an open or clandestine opposition was out of question—even at a time when Germany was a democratic state and government measures could be openly criticised.

Thus I. G. was "governmental" under Stresemann as well as under Brüning, as under Papen.

When Hitler legally came to power, instituted by old Reichspräsident von Hindenburg, in the beginning the attitude of I. G. in regard to the the Nazi government was simply the continuation of the attitude I. G. had taken vis à vis former governments. But very soon it became evident that the Nazi regime which had started as a coalition government together with Deutsch Nationale Volkspartei—which latter party had 3 ministers in the cabinet—intended to go quite different ways from former governments and by and by we learned what a totalitarian state meant in reality and what consequences that had for us.

The party claimed all power for itself. "Die Partei befiehlt dem Staat"—"The party gives its orders to the state"—was the official device, and the state is the instrument through which the totality of its inhabitants is ruled.

No political influence of professional groups was anymore tolerated—and in short I. G. found itself entirely devoid of all political influence. This state of things in no way was regarded as satisfactory and without a special order given in that direction a large-scale subvention action was started. From the local little bosses up to Hermann Goering personally under the most varied names and through the most varied channels bigger and smaller sums were being given to the party, all with the aim to creating a better atmosphere, because very radical ideas in certain party circles about the "Gross Concerne" and particularly about the I. G. were common opinion.

The money was being taken but the result was more or less null and up to the last time of the war I. G. always was suspected to be "a state in the state" and the dismemberment of I. G. never left the clandestine party program. On the other hand the party in the form of "Adolf Hitler Spende" and "Winterhilfswerk"—W. H. W. and many other ways converted the subventions given formerly as a sort of bribery into a legal claim.

When Hitler came to power he had promised to the masses the end of unemployment and he put this part of his program in the foreground.

In order to create work the industry had to get orders, and I. G. undoubtedly was one of the first ones to have advantages of it. As foreign currency was scarce—the great crash of 1931 lay only two years behind—an interior market had to be created and products which had before been imported had now to be manufactured in Germany—with the double aim, to save the foreign currency necessary for the import of textiles, metals, food, etc., and at the same time give additional work to German workmen. Thus, now 12 years later it is difficult to ascertain if the beginning of the "rearmament" movement was right out started as a military measure or if the first phase till the end of 1936 was not a primarily economic one insofar as the production of synthetic oil, synthetic rubber, rayon, synthetic fibres, a. s. o. was not only fostered to get materials for warfare but in order to make Germany in those products self-supporting and save the foreign currency for their importation.

The policy of "autarcy" and "rearmament" was so closely interconnected with one another that it really represents unsurmountable difficulties to distinguish which element of both was the prevalent one.

However, it was I. G. very soon profited by it and whereas in 1932 I. G.'s total expenditure for new plants and equipments was, I think, only 10–12 million marks, it climbed in the years 1934–36 rapidly and from thereon took a raging trend.

The technical possibilities being involved in that trend had undoubtedly a great fascination upon our technical people. Plans for which they could not see any practical realisation as long as a normal economy existed, became realisable and the most fascinating prospects seemed to lie in the future. That this development in the last must lead (1) to impoverishment that means to a lowering of the standard of living, (2) to war nobody did or wanted to realize. Even a man so

strictly opposed to the Nazi regime as Dr. Bosch who was the only one who once has dared to contradict openly Hitler—with disastrous result by the way, as I later on was told, had no hesitation to put Krauch at Goering's disposition, when being asked for a high-ranking chemist who should take over the leadership of "Amt für Wirtschaftsausbau" and Bosch was a convinced democrat, a convinced partisan of a peace policy.

The whole development of I. G. in the years beginning with 1934 and accelerated since the end of 1936 is entirely due to the close teamwork with government and Wehrmacht.

The export trade remained stationary at some 400–450 million marks and the buying capacity of the civil population was not highered (raised) as the nominally higher incomes in toto were counterbalanced by a loss in the so-called "Realeinkommen" and higher taxes.

Practically the whole augmentation in the turn-over of I. G. from a little over 1 billion marks to 3 billions in 1943 is a 100% result of the rearmament and the war policy of the German government.

The totality of Buna, of metals, of high-octane oil, of most chemicals, at least two-thirds of the Nitrogen, and a great percentage of dyestuffs and pharmaceuticals went directly or indirectly to the Wehrmacht. A high percentage of this turn-over from the very beginning was more or less guaranteed by the Wehrmacht. Agreements of the most different kind were being concluded but nearly all were based on solid ground insofar as the Reich guaranteed the amortization (light metals) or had arranged for a protective duty (oil, Buna) or prescribed the use for the consuming industry (synthetic fibre). The result always was identical, after a certain time the factories became or should become I. G.'s unburdened property. This latter result could be achieved with a raised rapidity with the so-called Ostwerke where the whole equipment could be amortized in the year of its investment provided that the owner made sufficient profits in the whole.

The direct consequence hereof was that I. G. notwithstanding that it spent some 500 million marks in the average of the last years had not substantially to augment its capital and that I. G.'s balance sheet under "plants and equipment" shows a practically unchanged figure. This state of things and the apparent splendid situation of I. G.'s balance weakened the central administration. Young and active technicians like Ambros, Bütetisch, Wurster, but even men in positions not ranking as high like Altwicker and Ziegler in Bitterfeld in the metal field handled on their own problems of the greatest importance, engaged I. G. in always greater commitments. They used the word "Auflage,"—"impost" of Wehrmachtsstelle X, but sometimes it never became quite clear if our technical men themselves had not deliberately induced the Wehrmacht to that "Auflage." The central administration registered the facts, when it came to the settlement of the expenses, but had very little to say in the matter. To a large extent Krauch's office was a governing factor in these relations as the "Amt" under Goering's responsibility in the domains reserved to it, decided what quantities and where the respective production should be erected. In Sparte I Dr. Bütetisch took the lead in this direction and practically rounded out Dr. Schneider in the oil field, but Dr. Müller-Cunradi in close contact with Dr. Krauch did the same in the different domains being connected with Oppau and including the whole high-pressure field with the exception of the oil—but still Dr. Müller-Cunradi being in charge of the new works in Heydebreck was hereby the head of the so-called Tannol-Anlage, which to the best of my knowledge represented a new high-octane fuel. A similar development took place in Sparte II, Dr. Ambros and Dr. Wurster as well as the chemists in Bitterfeld, here mostly in the metal field, but in some other domains of chemistry destined for warfare just as well became entirely independent of the "Spartenleitung" and acted immediately with the different authorities of the Wehrmacht.

But things were very complicated in such a sense as the Wehrmacht had 3 or 4 quite independent departments and a part of the Wehrmacht Reichswirtschaftsministerium and Reichsbeauftragter Chemie had many functions reserved to them.

Between Reichsbeauftragter Chemie (Dr. Ungewitter) and Dr. Krauch quarrelling never ceased, as overlapping of authority happened all the time.

In the last phase of the war following ideas of President Kehrl of the Reichswirtschaftsministerium, the organization of the "Gewerbliche Wirtschaft" became entitled to act to a large extent as a decisive factor and in principle a corporative system was in full creation. The result for I. G. was—although I. G. men generally were not being put in the foreground, because President Kehrl was in strong opposition against I. G.—that the overwhelming technical position of I. G. rendered it the deciding factor.

As an example I only cite Dr. Wurster's activity—he indeed was put in the foreground—in the field of sulphur and sulphuric acid, who in fact ruled that important item of warfare chemistry with sovereignty. This system of corporative development was neither invented nor in principle fostered by I. G. but the facts were stronger than Mr. Kehrl's ideas and the industrial potential of I. G. became bigger and bigger.

Surely personal ambition and the pleasure of expanding, mostly of the younger chemists, played its role in that development, but on the whole it was the natural consequence of the war becoming more and more "total" and because nobody else than I. G. could handle those problems.

The combination of highly qualified chemists, big laboratories, an enormous potential of patents and experiences and a great financial capacity was too strong as not always being the decisive factor to I. G.'s advantage whenever a problem arose which had to be solved.

A part of this technical situation, the development of I. G., during the last 12 years can't be separated from the government's foreign policy.

From the very beginning it was the government's intention to make the "Mittel-europäische Raum" as far as possible self-supporting and direct German import from oversea to the continent. Intensifying trade relations to the south and the southeast of Europe even at the price of material sacrifices was the "mot d'ordre"; the next one was the intensification of the South America business on the basis of barter-trading in order to get from there the products which were not available any more for Germany in the U. S. as the Reichsbank did not dispose of the necessary Dollars. Although I. G. was not in the least a partisan of this policy and would have preferred to develop its great international business on the line of a "most favoured nation" basis it had to follow the new trend—on the simple reason, that there did not exist any other possibility. Occasional suggestions in order to get a better stand were successful in the case of England for instance, but on the whole the official policy was carried through without giving the export industry a chance to intervene. During the years from 1933 to 1937 I. G.'s expenses outside of Germany did not make a substantial progress. It kept up its position and its participations, but very little as far as I can recollect, had or could have been done or was added to it. A complete change took place since 1938. Firstly by purely private negotiations both of course with the approval of the government, with I. C. I. two important agreements were being concluded, the foundation of the Trafford Park Chemical Co. and the British Magnesium Co.

Much greater problems, however, had to be approached by the incorporation of Austria and Sudetenland into Germany, with the creation of the so-called "Gross Deutschland." To both countries, I. G. always had exported on a large scale, in both countries a chemical industry existed, of which the "Aussiger Verein" and Dynamit A. G., Pressburg, were old-established enterprises, built up on a broad basis.

Relations of close teamwork with the Aussiger Verein and I. G. had been operating for decades. In the dyestuff field a cartel agreement with the Verein had been concluded in 1934.

This dyestuff position of the Verein was the key of the whole problem, I. G. being the only producer of dyestuffs in Germany except one small Swiss-owned company in Grenzach on the German-Swiss border. Thus I. G. did not want anybody else enter that domain inside the German territory. As Chemische Fabrik v. Heyden had succeeded to get the permission of Reichswirtschaftsministerium to deal with the Verein about the purchase of the works in Aussig and Falkenau, I. G. had firstly to approach v. Heyden. An agreement was reached that both handled the question jointly on a 50-50 basis. In the then following negotiations the group v. Heyden-I. G. acquired the two factories with their coal basis at a fair price, formed a new company, called it Chemische Werke Aussig-Falkenau G. m. b. H. and this latter company leased the dyestuff department by a long-termed agreement to I. G.

The relations with the Verein remained friendly. Not only was the Verein's position in the remaining Tschecho-Slovakia fully recognized, but a joint plant of synthetic fibre on I. G.'s processes was built up in Pressburg with a participation of 40% of the Verein, reserving to the Verein the supply of raw materials from the Verein's factories in Nowaky and Handlowa.

Undoubtedly the I. G. as well as v. Heyden took advantage of the cession of the Sudetenland to Germany, but on the other hand the Zivno Bank and its Generaldirektor Dovrazek were of the opinion that the Verein could not keep the factories under the changed circumstances. Mr. Dovrazek himself took an active part in the negotiations and even helped to find the compromise formula, upon which the two parties agreed.

Whereas in the Sudetenland no other industrial activity of I. G. became practical the industrialisation of Austria required a substantial participation of I. G. in it. After the Anschluss I. G. had acquired the majority of Skoda Wetzler works from Wiener Kreditanstalt and transformed this company into the Donau-Chemie A. G. The Donau-Chemie in the future became the stepping stone of the great development which took place in the chemical domain and culminated in the building up of huge installations in Moosbierbaum in the domain of power, sulfuric acid, hydrogenation of oil and magnesium. The latter plant, of course, never came to a start as the Luftwaffe stopped all work on it. In connection with this activity in Austria another great step to industrialisation took place in Slovakia. Since long years the D. A. G. (Dynamit A. G.) had a controlling interest in Dynamit Pressburg. Apart of the main works in Pressburg, D. A. G. owned a couple of smaller factories in Austria and participations in Hungary, Roumania, and Jugoslavia.

Of the Austrian factories part was consummated in Donau-Chemie (Brückl and Landeck), the others remained as such in the form of independent Dynamit Cos. Pressburg itself took a gigantic expansion and developed a great export trade to Hungary and the Balkan countries. But the development in the S. E. was by far overrun by the industrial development which took place after the war against Poland. Based upon the coal of Upper Silesia two gigantic works were being taken under construction, the one in Heydebreck on old German territory (recognised as German after the plebiscite of 1921), the other one an Polish territory in Auschwitz, between Kattowitz and Krakow. The factory in Heydebreck entirely belonged to Sparte I, the one in Auschwitz represented a combination of Sparte I and II, under the leadership of Sparte II and with Buna as the main product. Both works for my opinion made slow progresses and came into fabrication only very late, with more substantial quantities in 1943 and 1944, but they never reached a state of real or full accomplishment. I think, some 800 million marks have been spent on them: half of which nearly, I would say, was written off.

Although at different times Dr. Ambros had invited me to visit Auschwitz, I have never been neither in Auschwitz nor Heydebreck and my knowledge solely reposes on reports given by Dr. Ambros and Dr. Müller-Cunradi. In connection with these works we acquired a controlling interest in a coal mine—the Fürstengrube—and were just dealing about a further interest in it, when the war entered in its last phase. Apart of this huge enterprises the Pharma had acquired land not so very far from Breslau on the Oder near Dyhrenfurt with the idea to construct there a pharmaceutical factory.

This never materialized and Dr. Ambros at a date unknown to me took over the leadership of that place. There under the firm of Anorgana G. m. b. H. for the account of the Reich I. G. fabricated the new, as I later on heard, in Elberfeld invented poisoned gases. This fabrication, of course, was kept so secret, that only in the beginning of the year 1945 (January to February) I heard for the first time of it, when Dr. Ambros in strictest confidence told me what I have given as my personal knowledge to Major Tilly at the end of April and what consisted of the fact that such gases based upon an intermediate of Ludwigshafen "Metaphenylendiamine" had been made in a special equipment (all in glass) but that the whole production owing to the Russian advance had been shipped to the interior of Germany. Dr. Ambros at the time spoke of the great danger if ever smallest quantities of this product evaded.

At that time (end of April) I was still under the impression that I. G. as a firm was only indirectly connected with the fabrication of that gas insofar as we had put chemists at the disposition of the Reich and supplied the intermediates. Later on by Major Tilly I heard that Anorgana which ran the plant was 100% I. G. and that the whole fabrication practically was an affair of I. G. He told me furthermore that these gases had been used by the Nazi authorities as a tentative in Auschwitz concentration camp.

In the last quarter of 1944, I should say, it was at the end of November or in the beginning of December, an allusion was made to me confidentially by Dr. Müller-Cunradi that terrible things had happened in the concentration camps of Auschwitz, that gases had been used there to kill people and that I. G. products were of something in it—of course it was only an *allusion*. Not knowing anything of Dyhrenfurt at the time, I could not bring this allusion in connection with the new gas, but I was so horrified by it that I only reacted "but do other people know that too," which he confirmed, yes, Ambros and the other men in Auschwitz know of these things. To Schmitz I made a remark about terrible things being connected with Auschwitz and Dyhrenfurt but without going into details. How far he was informed about it, I can't say, for my opinion he should have heard about

the general happenings regarding Anorgana a. s. o. as financial interests of great importance were connected therewith and Ambros and Müller-Cunradi must have reported to him about the situation under all its aspects. But that, of course, can only be heard from the 3 men themselves.

I myself had never seen the agreement regarding "Anorgana" which was concluded before I took over my activity with the Chemikalien business. I was of the opinion that the Reich-owned plant and equipment of the so-called "Reichsbetriebe" at 100% and that Anorgana was a 50-50 position of Reich and I. G. for the handling of those products which were sold to manufacturers (—arbeiter).

How secret all these matters had to be held by the men immediately concerned with them might become evident by the fact that Dr. ter Meer notwithstanding that we always worked together in the dyestuff domain in the closest cooperation never mentioned them to me and I was greatly surprised when I heard by Dr. Loehr only a few days before I was taken in custody (May 7th) that under ter Meer's papers confidential material of this kind had been found.

What motives induced Dr. Ambros to take over the factory in Dyhrenfurt, which primarily was destined for the management of the Pharma people of Elberfeld, I am completely at a loss to explain. I can only presume that his sometimes illimited technical ambition has driven him in this terrible job.

In Poland furthermore we acquired from Treuhandstelle-Ost the Boruta and in connection with the Francolor transaction the Winnica, the latter one had to be liquidated as no economical basis for it was still existent.

Boruta practically belonged to the Polish state, the share capital was lost and a state-owned bank which had given the necessary credits to the Boruta was the real owner. As the German government in the parts of Poland which had become incorporated in Germany considered itself as the legal successor of the Polish state, no private interests were hurt by this transaction. This was unfortunately the case with Wola but the owners had to leave the place, fled to Warsaw and nobody was on the spot to look after the place. The Wola had to be closed down as its economic value in wartimes was null and the material, as far as it was transportable, was carried over to Boruta. In an extensive statement made on the Boruta/Wola question I explained the reasons for which it was necessary to acquire these factories. As 85% of the dyestuff potential of I. G. was on the borders of the Rhine and as this whole territory had to be considered as endangered by air raids, every capacity in the centre of the Reich and in the East had to be used.

Notwithstanding their relatively small volume the dyestuff factories of Aussig and Boruta became very valuable for keeping up the plans for the manufacturing of dyestuffs and intermediates. Thus Dr. ter Meer and I, after the German troops had entered Poland, proposed Dr. Schöner (technical chief of Wolfen) and Direktor Schwab, Frankfurt—commercial leader of the dyestuff—business in Poland and Russia—to the Reichswirtschaftsministerium as "Kommissare" and later on inaugurated the negotiations with the Treuhandstelle-Ost. In my above-mentioned statement I said that I never believed we would keep these factories whenever it came to peace negotiations, still we could not let them fall into the hands of a third party and had to use them during the war in our and in the common interest and this was only possible if we secured for us their property.

About Norway it seems to be superfluous to report as these interests we had taken there in the light-metal field became invalid. The Luftwaffe decided that the works at Herøen scattered by air raids should not be reconstructed.

In Holland and Belgium, to the best of my knowledge, no interests of importance have been acquired. Our relations with the group Solvay in Belgium were immediately resumed and we ourselves interfered at the Reichswirtschaftsministerium that in the majority position of the group Solvay in Deutsche Solvaywerke, Bernburg, where Solvay held 75%, I. G. 25% no change should take place. Certain endeavours of the Salzdetfurth concern to get part of Deutsche Solvaywerke with the aim to break up Solvay's majority position remained fruitless.

The plans we had elaborated for the handling of the industrial problems in the chemical sector in France are known.

In the first phase after the armistice we thought it necessary that the Government should sequester the whole chemical industry in order to make it work for the German war potential. Later on this policy was changed and after Montoire the area of collaboration started. I do not think that any seizure had been carried through in this domain. The key position very soon became the Francolor problem.

The guiding principle in its solution for I. G. was (1) the definite reparation of the injustice which I. G. had suffered when its factories in France had been taken

away by the Versailles treaty, (2) a definite peace with the French dyestuffs industry granting their industry a full occupation (7,000 tons of dyestuffs and a substantial development in the most varied fields).

We considered the whole affair as an equitable solution, nobody in France had lost one Franc by this transaction, on the contrary the value of the shares of the so-called mother houses gained a considerable advance in the stock exchange—as well as in their intrinsic value; the exchange basis for the I. G. shares being given as a counter value could not be fairer. In fact no money has been taken out of France, the dividend clearing showed a “break-even,” the factories not only remained intact but were improved in different domains. The arrangement had been considered by I. G. as a first step to a renewed European dyestuff cartel, to the negotiating of which the German-French group should appear as one partner and we, that means ter Meer, Waibel, Ambros, and I, always understood that Duchemin and Frossard would figure as partners in such negotiations.

The “Führungsanspruch” of I. G. once having been recognized in the handling of dyestuff matters, there was never a contrast or even a fraction. I. G. helped Francolor in all its dealings with the Military Commander in France whenever this was possible or necessary and Francolor was a loyal partner. When Dr. Kramer left Paris, he told me, Duchemin said to him: “You have been loyal for us, you will see that we shall be loyal against you.” The same principle of fair dealing was the aim of our negotiations with Rhône-Poulenc and Uguine in the field of Buna, plastics, and pharmaceuticals. Not having been an immediate participant in these different negotiations, which were conducted by Dr. ter Meer, v. Knieriem, and Ambros or Mann—but having often seen M. Bois as well as M. Painvin, I have never heard the slightest complaint on their part of pressure or unfair dealing. When both gentlemen were in Leverkusen to visit the Buna installations in the late autumn of 1941, an atmosphere of cordiality, if I may use that word, and not at all of animosity was reigned between the representatives of both sides.

Always in conformity with the principle of developing the continental Grossraum, I. G. was very active in Spain. The development of the two factories in and near Barcelona Fence and Flix made substantial progress. In Fence the installations for the (immediates) intermediates of Azo-dyestuffs were brought to termination, a pharmaceutical factory was in full construction, in Flix the new “Chlorelectrolyse” was gradually improving and plans of making the “Inquiresa” a subsidiary company for the manufacturing of derivatives of Carbure, an active business proposition were being followed. With “Unguesina” in Bilbao licence agreements in the field of Phenol and Formaldehyde for “Phenoplaste” were concluded and to “Altos Hornos” licences for Nitrogene with technical help on the whole line were being granted. As part of that the old friendship to Union Explosivos Española was cultivated.

In Italy the participations in Acna and Bianchi kept on their normal development in the light-metal field the Samis tried to make progress and the two factories in which Buna was fabricated, came into production.

On the whole, in all these countries as well as in the planning for a future industrialization of the South-East, I. G. fostered everywhere the industrial evolution with its patents, experiences, and know-how and, as far as the government allowed it to do so, also with capital. The men who did the actual work mostly did not even think of the political meaning of this development in the direction of “European Grossraum-Wirtschaft” and even inside I. G.’s Vorstand that was often forgotten. Words like “rule” and “dominate” were never used, and I am sure that all these people having worked with I. G. in Spain and France, in Norway and Finland, in the South-East as well as in Italy have not had the feeling of being pressed or looted. On the contrary, they nearly all had personal profits of this collaboration and were after us to intensify our help. Dozen of files will and can prove that.

Coming back to the general policy: Undoubtedly, I. G. had not only followed the government’s “Grossraum-Politik” but had drawn substantial profit out of it. In figures as they appear on the balance sheet an enormous progress has been made. As the export figures in the whole remained unchanged and only a displacement from oversea to the European continent took place, the turn-over in the so-called “Gross Deutschland” up to the end of 1943 reached nearly four times the size of 1932. Only part of it could be considered as being a perpetual asset. In Buna, in synthetic fibres and their raw materials and intermediates, in light metals and in hydrogenation many installations to a large extent are to be understood as war dependent, but as a consequence of the close interdependency of autarkie and rearmament a great deal of the investments made under the

4-years' plan could be considered as valuable even under a complete peace policy. May I give as an example the "Nitrogene." The total German capacity should be—the destruction by air raids not being taken into account—about 1,000,000 tons of "N." I. G.'s prewar share in N was about 70%. One generally estimated that for agricultural purposes in Gross Deutschland nearly 700,000 tons of N were needed. Thus with all the possibilities in the development of the technical Nitrogene the remaining 300,000 tons should have found a secure market—even without having to press on a forced export. The enormous amortizations which I. G. had been able to carry through would have given it an easy possibility of a revalorisation of its assets without having to cover the figures of its investments as participations on the balance sheet of the so-called "Handelsbilanz."

Summarizing this part of I. G.'s activity: The close teamwork with Government and Wehrmacht in the joint endeavour to make Germany to a large extent autarchie and rearm her, involved a great amplification of I. G.'s potential and at the same time a substantial increase of her balance figures.

The collaboration with the Wehrmacht followed two additional lines. In order to keep up a continuous contact in 1934 the Vermittlungsstelle W in Berlin was founded, and in 1936 the so-called — Delegierten were being designated. The Wehrmacht insisted on the highest secrecy of all its plans and let all people being in charge of planning or executing rearmament work, swear that they never let other people know what had been divulged to them in connection with their activity for Wehrmacht purposes. This had gone so far that for instance when Dr. Paul Müller of Dynamit A. G. in 1937 lead the members of Z. A. of I. G. over the Dynamit plant in Troisdorf, he refracted from showing to them entire departments saying "this is under strictest secrecy." Every infringement would have been punished with high penalties of hard labour. So practically everybody of the high-ranking staff was in such a way sworn in, the survey of what I. G. really did make or not make for the Wehrmacht became more and more a pure guesswork and one abstained of asking in order not to put one's technical colleagues in a difficult position. How far Schmitz himself was informed, who had the last responsibility for the balance figures, I am unable to say. My impression was that even he had only partly a more profound knowledge of what really happened and that a full picture of what had been done can only be got when one has heard every single one of the high-ranking I. G. technical leaders, and not only the Vorstands-Mitglieder but also most of the Direktors and Prokurists just as well.

But speaking of responsibilities in general Schmitz was responsible insofar as he was in charge of the distribution of the different domains of activity to the individual "Vorstands-Mitglieder." Thus each Vorstandsmitglied in the case of having to take a graver and far-reaching decision was bound to report about it to the chairman, that means to Schmitz.

Independently of Abwehr and Vermittlungsstelle W the Wehrmacht engaged I. G. in active helps by asking it to get news out of axis and neutral countries. I reported on that matter in a former statement. I. G. put its means at the disposition of the Wehrmacht but it was understood that I. G. people whenever they were asked for such help had not to enter the typically military espionage but only had to report about economic matters in the largest sense. How far the Wehrmacht had made use of I. G.'s readiness to participate in this service can only be guessed by the satisfaction explained by O. K. W. of what had been done. Every individual man asking under secrecy and being prohibited of speaking about it under highest penalties.

A further teamwork between Wehrmacht and I. G. developed under the heading "M-Fragen." This comprised all personal questions regarding men to be made free from service, special plans for the distributions of key commodities to the different branches of I. G.'s technical activity and the so-called "Kriegsspiele," furthermore all questions arising in the military field, eventually not covered by the different activities I have mentioned before.

As I stated in the beginning of this report since 1934 the Wehrmacht first being only an additional factor to the relations having always existed between I. G. and the different Ministerien more and more developed to be the decisive or at least the most important factor.

The Nazi government acted on I. G.'s business through these different Ministerien, but the party itself interfered continuously in the following two directions.

(1) After having dissolved all trade unions, associations of employers a.s.o. the so-called Deutsche Arbeitsfront was constituted. Everybody practically had to participate in it, it became the decisive factor for the handling of all personal problems and found its legal basis in the law "Zur Ordnung der nationalen

Arbeit." By this law the responsibility of the owner or undertaker of the Co. was not altered insofar as the conduction of the business and the fulfilment of its financial obligations was concerned but rules for the interior functioning were established which had to be strictly observed. Based on that law and in connection with the so-called Nürnberger Gesetze the party exercised a continuous pressure on all I. G. organizations to fulfil all the clauses of the party program, particularly the Nürnberger Gesetze.

Whilst I. G. was a compliant partner in regard of all demands of the Wehrmacht, it tried to refract with all means from this latter (the party's) intervention into its relations with its leading as well as the other personnel. For years it maintained all its Jewish employees, to begin with Messrs. von Weinberg and Mr. von Simson, being members of the then still existing Verwaltungsrat, the highest institution of I. G. (a committee of the Aufsichtsrat) on their posts and did not dismiss a single one of these individuals, before his living abroad was guaranteed. Thus Mr. Flechtheim, Mr. von Simson, Mr. Kalische, Mr. Hummel, Mr. Carl von Weinberg, whenever at last it became necessary to suggest to them to leave Germany, it was taken care of them in such a way that they had not to endure emergency. Only Dr. Arthur v. Weinberg, who always had believed that they would except him and some other men like Karl, for whom a prepared situation in England in the last moment did not materialize, because the owner of that firm refracted or retired became victims.

The party resented that attitude and gave I. G. continuous warnings that I. G. was not fulfilling the obligations incumbent to it and a state of tension always subsisted.

The same attitude was that being taken by the A. O. of the party in regard to the foreign representatives. In the first years practically nothing had been done on I. G.'s side to alter anything in the existing conditions. By and by, by friendly negotiations and with lump sums generously fixed to satisfy them financially, I. G. had to sever the connection with those representatives but when going over the files one will recognize that I. G. in every case tried to do its utmost to protect the men who had loyally served it and whom I. G. would never have dismissed if not this hard pressure would have been exercised upon it. That a company at last has to obey its government's orders is inevitable, but I. G. by conviction has always done its best to create as little hardship as possible and often could get the Government's and the A. O.'s approval to the agreements with these employees by pretending that an ungenerous attitude on the side of I. G. would damage its international prestige. I. G. was driven from A. O. from concession to concession and the agreement made by Mr. Waibel with A. O. in autumn 1937 that in the future only such young men would be sent out who firstly belonged to the D. A. F. and secondly were ready to participate in the meetings, a. s. o. on the spot was a compromise on long negotiations by which Mr. Waibel succeeded that at least upon the "old" men on the spot the pressure was lowered.

Altogether those relations and negotiations with D. A. F. and A. O. remained and were always a most unpleasant chapter in I. G.'s activity but one may not forget that all the power was with the party and I. G. always was in the position of the defendant.

Apart from these two main domains of party activity the Gauleiter interfered continuously in local questions but seldom in direct business, mostly in personal questions and then generally in the favour of such employees who were being considered as "confidential men."

But up to the last time I. G. could retract from taking any typical party men on Vorstand or Aufsichtsrat, a fact which should not be overlooked, as pressure from the most different sides in this direction never has ceased. Gauleiter Sprenger for instance always hinted at Avienny of Metall-Gesellschaft becoming member of the Aufsichtsrat.

I stated at the beginning of this report that *after* Hitler had come to power and *before* the official subventions of Adolf Hitler Spende and W. H. W. had been inaugurated subventions of the most different kind had to be given and were given. I had never heard that I. G. before 1933 had fostered NSDAP financially, as I. G. had always done with the so-called "bourgeois parties." I considered this as unportable as Dr. Kalle who presided the committee being charged with these questions always was strongly opposed against the Nazi party. If notwithstanding this had been done in 1932 Geheimrat Schmitz only can explain it, the question never having come to a discussion in the Zentral-Ausschuss.

To summarize the following must be stated:

(1) With the growing of the military interest in the government's program I. G.'s relations to the Wehrmacht firstly became an additional factor in I. G.'s

official relations to the different other ministries, by and by the Wehrmacht became by far the most important one, and with the beginning of the 4-year plan the investment policy of I. G. was not to be separated any more from the policy of the Wehrmacht. Nearly all investments were made directly or indirectly for the Wehrmacht. I. G. was on the whole a loyal and complaisant partner of the Wehrmacht. That the Wehrmacht was not a typical Nazi institution and only followed itself in material the line prescribed by the party is well known. The higher officers doing their duty as law-abiding officers were not Nazis by conviction, they have proved it on July 20th, 1944.

(2) I. G. followed the "Grossraum-Politik" of the government because there was no other economic policy to be made. That I. G. itself would have preferred a policy of "most favoured national treatment" and "world-wide trade" a pure theory and could not lead to any real consequences.

(3) In the handling with party matters I. G. acted after the policy "Muddling through" with the result that in the last it always had to yield.

(4) Thus in acting as it had done, the I. G. contracted a great responsibility and constituted a substantial and in the chemical domain decisive help to Hitler's foreign policy, which led to war and to the ruin of Germany.

(5) Thus I must conclude that I. G. is largely responsible for Hitler's policy.

FRANKFURT, August 8th, 1945.

(Signed) G. VON SCHNITZLER.

EXHIBIT No. 15-A

INTERROGATION OF VON SCHNITZLER ON FARBEN'S POISON-GAS EXPERIMENTS AND MANUFACTURE

17 July 1945

Time: 3:15—3:45 p. m.

Q. Yesterday we talked about the use of I. G. technicians and I. G. chemicals in the development of poisonous chemicals to be used in warfare.

A. Yes; we spoke shortly about it yesterday.

Q. Tell me what you told Major Tilly the first time when he asked about poisonous gases.

A. To the best of my knowledge at that time I. G. made not itself poisonous gases nor had it been discussed inside I. G. As far as I know in I. G. laboratories they have not worked on it.

Q. But only in the so-called Reichs laboratories with I. G. technicians and I. G. directors and full knowledge of this fact.

A. Yes. But I knew at that time, it was in winter, Dr. Ambros told me only privately that in Dyhrenfurt they produced a poisonous gas from an intermediate coming from Ludwigshafen, and this gas is fabricated in an equipment only consisting of glass and one has to be very cautious that nothing can get out of this equipment because even very slight quantities are very dangerous. All the finished stuff had been removed in time to the middle of Germany.

Q. Who is Mr. Ambros?

A. He is one of our first younger technicians. He was in charge of Dyhrenfurt, as well as Auschwitz and Gendorg.

Q. Where was this gas manufactured?

A. In Dyhrenfurt.

Q. Who owned the plant?

A. It was owned partly by the Reich and partly I. G. You must hear Direktor Dencker about the details.

Q. How much by I. G. and how much by the Reich?

A. The plant for the gases was owned by the Reich. I think so. But it was run by a company called Anorgana.

Q. To whom belonged this company?

A. It belonged 50-50 to the Reich and I. G., but Major Tilly told me it is practically all I. G. The only thing I really knew was what I said to Major Tilly.

Q. The plant was owned by the Reich?

A. Yes.

Q. What was owned by I. G.? The company?

A. Anorgana, which ran the plant for the Reich.

Q. And all production by I. G. of this plant was on behalf of the Reich?

A. Not entirely.

Q. What proportion was on behalf of the Reich?

A. By far the biggest part.

Q. Who owned Anorgana? Who of I. G. should know that?

A. Herr Dencker.

Q. Who was in charge of the chemical sector of I. G.?

A. That was Mr. Weber-Andreae. He died in October 1943.

Q. Who succeeded him?

A. I succeeded him as chairman of the chemical committee (commercial committee)

Q. And you as head of the commercial field in chemicals did not know the ownership?

A. No. I don't know. I knew of the existence of the Anorgana Company, but I did not know what all was behind it.

Q. Who of I. G. knew about it?

A. Schmitz, as chairman, Ambros, and ter Meer.

Q. During the last quarter 1944 (you said yesterday) that a Mr. Müller-Cunradi "alluded" to you that the poisonous gasses and the chemicals manufactured by I. G. were being used for the murder of human beings held in concentration camps?

A. So I understood him.

Q. Didn't you question those employees of yours further in regard to the use of these gases?

A. They said they knew it was being used for this purpose.

Q. What did you do when he told you that I. G. chemicals was being used to kill, to murder people held in concentration camps?

A. I was horrified.

Q. Did you do anything about it?

A. I kept it for me because it was too terrible. I was always under the impression that these gases were not manufactured by us. I asked Müller-Cunradi is it known to you and Ambros and an other directors in Auschwitz that the gases and chemicals are being used to murder people.

Q. What did he say?

A. Yes; it is known to all I. G. directors in Auschwitz.

G. v. SCHNITZLER,
I. G. Farbenindustrie Aktiengesellschaft.

I have read the record of this interrogation and swear that the answers therein given by me to the questions of Mr. Weisbrodt and Mr. Devine are true.

G. v. SCHNITZLER.

EXHIBIT No. 19

STATEMENTS BY DR. VON SCHNITZLER AND MAX ILGNER AUGUST 15, 1945, ON CONTRIBUTIONS OF FARBEN OFFICIALS TO REARMAMENT PROGRAM

Since 1936, I. G. officials paid by I. G. and assisted by a large staff of technicians and personnel all paid by I. G., planned for the Nazi Government, the Rearmament phase in the chemical sector with concentration on the building up of such war industries as magnesium, synthetic rubber, oils, etcetera. This was handled by the Reichsamt für Wirtschaftsausbau and the Generalbevollmächtigter für Sonderfragen der Chemischen Erzeugung, under Mr. Krauch.

G. v. SCHNITZLER.

FRANKFORT ON THE MAIN, August 15, 1945.

EXHIBIT No. 20

EXPERIMENTS CONDUCTED BY FARBEN FOR WEHRMACHT

I. G. VERMITTLUNGSSTELLE W,
June 2nd, 1939.

I. *Origin of the developing orders.*—Today's dimensions of the common experimental work and division on to the different army offices.

II. *Accomplishment of the common developing works* between army and I. G. offices.

III. *Ascertainment and repayment of the costs of experiments.*—Works and giving of patterns for the advice of customers. More important works in experimental

plants of the I. G. or experimental plants of the army, Division of costs on produced products and so-called developing prices. Scheme of the I. G. Frankfurt of May 27th, 1938.

IV. *Patent rights out of joint experimental work.*—Necessity to keep secret new developments. Harm in case patents were not utilised.

V. *Production plants being property of the Reich resp. Schattenfabrik (stand-by plants) and developing work.*

To I: Origin of the developing orders

The developing and experimental work which was made by order of the army or in connection with army offices got in the last years always greater dimensions. The reason for this was on one side that always more questions of technical and chemical character had to be worked on within the army which could not be sufficiently looked after by the engineers and chemists of the different army parts in their own experimental plants; on the other side that the army became more and more direct and indirect a big customer for I. G. products and out of this relation between supplier and customer a great amount of questions have arisen.

Whilst 3–4 years ago only a few offices inside the I. G. worked on army problems, at present in practically all bigger plants of the I. G. experimental works are made, which are either executed by direct order of the army or on which the army takes an active interest by the way of putting the questions or by collaboration of experts.

With a very few exceptions where with certain persons of the I. G. direct touch was made, the different departments of the army, especially the developing departments and experimental plants of the army got into touch practically always with the Vermittlungsstelle W, Berlin, with their tasks and questions as far as they have got chemical-technical character. In as far as those questions could not be answered immediately, the Vermittlungsstelle W passed on those interrogations to the respective works or plants of the I. G. which seemed to be most suitable for the mentioned W-questions or which were already active on the same or similar field.

The fact that the army is an important customer of I. G. products had brought a great amount of experimental work and developing tasks of army problems to the I. G. A whole range of problems has been worked at by the I. G. for its own account and only later, after certain results of the experiments could already be seen, the offices of the army were interested for these problems. The I. G. offices have taken up primary these problems often out of their own initiative and approached then the army. This in the case when the problems had a private economic interest which means that one could expect later important sales for an eventually newly built up production or where the taking over of the process by the army could also be expected. The cases were respectively rare where the army from its part approached the I. G. with the request to solve problems by experimental work which were not connected with I. G. products delivered up to now or proposals of the I. G.

If one wanted to give a survey on the present state of developing works which are made by the I. G. offices for the army, one can say that about 80–100 chemists and engineers are occupied with scientific and technical experiments on about 50–60 problems of the army (partly as side work). About half of all the problems may have been arisen in connection with delivery of I. G. products, about 30–40% of the problems may have come up out of ideas which were submitted to the army by the I. G. on its initiative, and only 10–20 % of the questions may have been submitted by the army to the I. G. in a more or less detailed form. In the planning and construction offices as well as the building department of the I. G. at least the equal amount of academic educated gentlemen with by far bigger number of collaborators is working for the experimental and production plants of the army, whereby the amount of the I. G. employees active for the 4-years' plan and the execution of the Mob preparations is not included.

To II: Accomplishment of the common developing works

The reply to the questions of chemical-technical contents which the army offices put to the I. G. and which cannot be answered directly by the Vermittlungsstelle W. out of its own knowledge, is settled according to the manner in which the question is put, in different ways. In most of the cases the information and judgement can be given immediately by the works or the I. G. offices concerned without being necessary to make special experimental work. It is possible that already existing and finished products can be given as samples with which the army offices can clear and settle the questions asked for in their own experimental and developing departments. Very often small experiments in the laboratories

are sufficient to settle the question with very little costs in a short time by the work of a chemist and an assistant.

In many cases it is necessary to make experiments lasting weeks, months, and even years, a big staff of scientifically and technically trained experts must be employed, bigger apparatuses for experiments and even production aggregates for the working and solving of the problems must be put at the disposition. In case of such bigger works the collaboration between the offices of the army concerned with the question and the I. G. is mostly executed in this way, that after certain intervals, for instance every month, a mutual conference and inspection takes place in such a way that the products of the developing work, for instance new or special products or special instruments are used and tried out in the experimental plants of the army, on the trial field of the air force or on the training and shooting places of the army. They are finally either taken up for general use or refused.

Although the collaboration of the army, especially of the developing offices of the different parts of the army, in such developing work is indispensable to achieve results free from objection and even if sometimes the active collaboration of the chemists and engineers of the army is very stirring, the essential point of the productive developing work and the inventive accomplishment will always indisputably be on the side of the I. G. gentlemen.

To III: Ascertainment and repayment of the experimental costs

The ways and means by which the expenses of the experimental work and developing orders are repaid by the army to the I. G. are very different. In the office of the Supreme Command of the Army it was several times laid stress upon that in principle the I. G. should work on a private economical basis and therefore not only when products are delivered but also by other accomplishments, for instance building of plants for the army or execution of developing orders, is entitled to a certain but limited profit, besides the pure costs prices.

Inside the different parts of the army there do evidently not exist uniform rules for the treatment of such developing orders. In general one can say that works which are executed together with the Air Ministry and its trial plants at Rechlin, Adlershof, Göttingen, etc., were treated concerning the costs up to now more generous as works which were made together with the developing offices of the army, especially of the "Heereswaffenamt" or the navy.

Enquiries on smaller objects of the different parts of the army which make only inconsiderable work in laboratories necessary to have the problem solved, were generally not invoiced to the army if the costs for these works did not surpass a certain amount, for instance several hundred marks. Smaller samples of I. G. products which should be tested in the developing plants of the army for a certain new use were given by I. G. free of charge, especially if there could be expected, that out of such deliveries of samples a continuous delivery of I. G. products would result. We remained therefore within the scheme of the usual customers' service when delivering those small samples of laboratory results free of charge.

Also for such experiments which were started by the I. G. on initiative of its chemists and engineers and for which the army was only later on interested, one could certainly only ask a payment from the army for the occurred experimental costs if it had an actual interest on the experiments and was prepared to give developing orders. On the whole, I. G. had to carry the risk for such experiments itself.

The Air Ministry has given the greater part of its developing orders on the field of fuels (gasoline for air force) and lubricates. In those two fields the I. G. became in the last years a supplier on a big scale for products for the Air Ministry. Many questions which were arisen by the further development of the Air Force, especially regarding the engines and the herewith connected technical questions for gasoline and lubricates, resulted in a very close collaboration regarding the development of new special gasoline and special lubricating oils for engines and airplanes between the developing offices of the Air Ministry and the offices of I. G. at Oppau, Merseburg, and Ludwigshafen. Up to now the costs of these experiments could be covered by so-called developing prices inasmuch as the costs of the experiments were beyond the scheme for the normal further development of I. G. processes and products. The Air Ministry was prepared to pay those developing prices when taking over and experimenting with the new developed products. When fixing these developing prices which were often a manifold of the price for a respective product produced on a big scale, from the part of the authorities, generally only the directly connected and collaborating chemists and engineers of the technical development offices of the Air Ministry took part without it being necessary that the costs of the I. G. by those experimental works had to be given detailed and proved for. Such products with developing prices were

often produced by the dozen in the range of several tons or tankers, whereby the producing process, the quality and composition of the products were varied in different direction.

The chemical-technical problems of the army are practically only worked out in the Heereswaffenamt and its different offices for developing and examination. Also here most of the cases are the invention and development of new products and fabrications which resulted later in a permanent delivery to the army, thus permitting the transfer of the developing costs on to the purchases of the army. In many cases the process and fabrications have distinctly preparedness character which means that the processes and products are only developed to the extent to be ready for fabrication but which are produced only in the case of war and find there its actual application.

If the Army Office (ground forces) brings up a question to the I. G. and it is clear from the beginning that the problem cannot be solved within a short time and with limited costs, in most of the cases the Vermittlungsstelle W makes an estimate of the experimental costs together with the respective I. G. office which should make the experiments, and a preliminary calculation of the costs is given. They army can then decide whether the solution of the problem is important enough to take over the costs and to give the developing order or can refuse it.

As the estimation of the experimental costs has turned out well for the winding up of the developing orders on an occasion of a certain case for which all the parts of the army were interested and gave developing orders, already in a conference on May 24th, 1938, in Frankfurt, one tried together with Direktor Krauss to make inside the I. G. uniform regulations for experimental orders with which a preliminary calculation has to be made for the interested part of the army. (See annex of Frankfurt May 27, 1938.)

In quite a number of I. G. works there are experimental plants which were erected for the developing orders of the army and which were paid either in total or partly by funds of the German Reich. In as far as such experimental plants represent higher values, such as about 100,000 marks, I. G. several times took over the obligation of maintenance such plants also longer than the actual time of the experiments or the I. G. takes over a part of the plants after the experiments are finished at the value at that time or at the scrap iron value.

In the case of bigger experimenting plants for the army having been financed by the I. G., one tries, if possible, by the delivery of the experimental products with respective price additions to write off these plants in a short time, as it was mentioned already, with the orders of the Air Ministry. It happened also often that developing orders were given to the I. G. without having decided beforehand on the costs of the transaction of these experiments. In these cases the occurred costs were put into account afterwards and asked for from the Wehrmacht. In most of the cases the respective office of the army has at once granted and repaid the developing costs denominated by I. G. In a few cases were those afterwards calculated developing costs objected by the Wehrmacht offices, thus making an exact specification of the costs and respective proof and negotiations necessary, partly also a reduction of the original height of the charges.

The Navy and its developing departments have in generally followed the attitude of the army when giving orders, the transaction and settlement of the experimenting and developing orders, which were up to now not so numerous. A case which happened at the works Leverkusen where to begin with out of its own initiative of the works chemists a new screening device was developed which was later taken over and generally introduced by the Navy, is insofar a special case as this tool was produced and supplied by a third firm. When fixing the price for the tool and when making the offer it was forgotten to calculate in the price of the tool a licence which would have covered the experimenting costs of the I. G. and besides eventually a corresponding profit by the orders of the navy. When I. G. claimed afterwards the experimental costs, the navy recognized for the repayment only a part of the costs (1,400 marks out of 40,000 marks). Negotiations on a grant of a licence fee are still pending.

To IV: Patent rights out of joint experimental work

Out of the joint experimental and developing work of the I. G. with the army offices result sometimes inventions which can be patented and new knowledges and patent rights which could be used also for something else but which have to be kept secret in most of the cases out of the reason of defense. Out of about 500 patent applications which were placed before the army offices to be examined whether secrecy was necessary, more than half of the patent applications were in connection with fields on which joint experimenting and developing work between the I. G. and army offices were made. With all these applications the

I. G. acts as applicant and takes over all the risk and duties connected with the application. If the application leads to the grant of a patent, the patent is transferred to the Reich as trustee in case a secrecy is necessary whereby the patent right remains furthermore entirely with the I. G.

The share of the inventions of the representatives of the army on these applications is, as already mentioned, very small. Up to now a participation on the invention from the part of the army offices came into question only with a few of the mentioned several 100 new applications, and only two members of the Wehrmacht asked to have their names mentioned as co-inventors (in 4 cases). Although it would have been possible that in some other cases the army could have come into question as co-inventor if it would have taken for instance by the way how the question was put a similar point of view as the management of the works and laboratories in our plants opposite the chemist who really acted as inventor, the army office never asked for being mentioned as co-inventor. The payment of a fee for a co-invention of a state office when an invention resulted which could be patented out of the joint work between the I. G. and the army, was also up to now never asked for. When price questions were discussed it was only occasionally mentioned by representatives of the army that the price offer for I. G. products which are to be delivered to the army should take into consideration an eventual cooperation of the Reich on the resulting of inventions and patent rights in case a payment of licence fees is calculated in this price offer. A participation of the authority on the profit with deliveries of I. G. products to third parties did up to now never come into question even if for those products a joint developing work of I. G. and army offices was performed. The Supreme Command of the Army, W staff, has in negotiations on the necessity to keep the patent applications of the I. G. secret, frequently mentioned without regard whether the applications resulted out of joint experimental work of the I. G. with Army offices or out of the own initiative of the I. G., that the army is prepared to take over a certain guarantee and repayment for damages which could arise by the forced secrecy of applications and by the fact that out of this reason usable patent rights were not made use of. We have been asked to get into touch with the W staff as soon as such damages arise in a provable form which can also be calculated as far as the size of the damage is concerned. On our repeated enquiries at the I. G. offices concerned with the work we always received the reply up to now that a clear or even a countable damage for the I. G. by the handling of the secrecy cannot be proved.

To V: Production plants being property of the Reich resp. "Schattenfabrik" (stand-by plants) and developing work

I. G. has erected for the army quite a number of bigger production plants or has helped by the erection which were either after they were finished put into work for the current army orders or as so-called "Schattenfabriken" (stand-by plants) in peacetimes without any production only guarded and kept in order to be able to take up production immediately in case of need. Such production plants were erected by the I. G. as well as by order of the Supreme Command of the Army or its camouflaged companies, such as Wirtschaftliche Forschungsgesellschaft m. b. H. (Wifo) as well as by order of the Air Ministry and Heereswaffenamt. As those plants represented a value of several million marks, practically always a contract was made between the army office giving the order and the I. G. for the erection as well as for the keeping in order and putting into action.

If in such army plants processes were used which were found by experiments and work of I. G. and for which considerable funds had to be spent, the army offices sometimes granted a kind of licence fee to the I. G. besides the normal payment for costs including limited profit. If the plants have a real stand-by character which means that they only produce in case of need (war) and therefore a transfer of the licence on to the produced products is not possible for the time being, such a licence was only granted from the authorities if the experience of the I. G. has its effect not only on the production costs but also on the costs of the plant so that the authorities made considerable savings already by the fact that the erection of the production plant was cheaper. Two plants for nitric acid of the Wifo which were put into action pay for example a current licence (corresponding to the today's production of about 100.000 marks a year) whereas the two other similar stand-by plants only a part of the achieved economies on the erecting costs 135,000 marks, respectively, 75,000 marks, were paid separately.

In case that by the putting into action of plants by the I. G. which are the property of the Reich new knowledges and experiences are collected which could lead eventually to patent rights one has taken it up to now for granted—although it was nowhere laid down by a written agreement—that also these patents were

the entire property of the I. G. as manager of the plant of the Reich. The authorities expressed frequently that although the plants being property of the Reich must get the advantage of such new knowledges and working experiences. One expects that the I. G. keeps the plants which are property of the Reich but which are kept going or which are in preparedness in accordance with the newest technical experiences. (Against payment of the costs.)

The Vermittlungsstelle W has always laid stress upon the fact when the question of the developing orders was discussed with the army offices, that the army is in an always growing extent a big customer and buyer of I. G. products. Also in the erection of production plants and stand-by plants for the army the main interest of the I. G. was considered the fact to keep the control on the production capacity of such plants and its possible influence on the respective market which means in case the plants of the Reich were put into action to take over the leading role.

EXHIBIT No. 22

INTERROGATION OF DR. STRUSS, AUGUST 13, 1945, ON ERECTION OF THE FIRST BUNA PLANT AT SCHKOPAU

From the statement about the historical development of the first Buna plants, which is being translated, is to be seen, that the construction of the Buna plants firstly was handled by Keppler, later by Krauch.

In a discussion Keppler said to me, that the "Führer" personally ordered to build larger plants as soon as possible, in spite of all technical hesitations of the I. G. men.

The sentence of the "Führer" was as follows: I. G. must be compelled, if necessary by elementary force ("mit elementarischer Gewalt"). This was in the spring of 1936 and from this moment I feared that Hitler prepared a war.

• MAGNESIUM

In Bitterfeld and in Aken a large part of the production, probably the largest part, was fabricated into tubes. These tubes had a diameter of ca. 8 cm., a wall thickness of ca. 1 cm., and a length of ca. 20 cm., these tubes were packed in boxes and designated "Textilhülsen." There was no doubt, that these tubes were parts of incendiary bombs.

The order to build the new Magnesium plants at Aken and Stassfurt and the enlargement at Bitterfeld was without doubt given directly by the "Luftwaffe." As to the cost, the time of construction, and the development of production a statement will be prepared.

(S.) STRUSS.

FRANKFURT a. M., 15.8.45.

EXHIBIT No. 30

REPORT BY MAJ. E. TILLEY ON EXAMINATION OF DR. FRITZ TER MEER, DATED AUGUST 2, 1945. STATEMENT BY DR. C. KRAUCH, DATED SEPTEMBER 25, 1945. STATEMENTS BY DR. STRUSS, DATED APRIL 26 AND 27, 1945, RESPECTIVELY; AND MINUTES OF MEETING HELD FEBRUARY 23, 1939, WITH ARMY OFFICIALS ON FARBEN'S POISON-GAS EXPERIMENTS AND MANUFACTURE

SECRET

CONTROL COMMISSION (BRITISH) (GERMANY)

Major-General Intelligence—Field Information Agency, Technical

In Fiat E 254-81 (Meer)

2ND AUGUST 1945.

Subject: Exploitation of Dr. Fritz Ter Meer.

To: See Distribution.

Further to our ODI/FIAT/E/254-81 (Meer) dated 26th July 1945.

Attached herewith is a copy of second preliminary report on examination by Major E. Tilley of Dr. Fritz Ter Meer, member of Board of Directors of I. G. Farben, who is now detained in Dustbin.

For Major-General Intelligence.

P. M. WILSON, Major, G. S.

(For K. W. J. JONES, Lt. Col., G. S., Chief (Br) Integration & Planning Branch, Field Information Agency, Technical.)

SECRET

CONTROL COMMISSION (BRITISH) (GERMANY)

Major-General Intelligence—Field Information Agency, Technical

In Fiat E 254-81 (Meer)

1st AUGUST 1945.

SECOND PRELIMINARY REPORT ON FRITZ TER MEER

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TER MEER'S BUSINESS JOURNEYS TO THE U. S. A.

(See First Report, Pars. 18 and 20)

1. (a) *Introductory Note.*—The data given in this chapter are fairly well known. After a brief discussion Ter Meer was asked to write them from memory in order to give us a check on his movements from 1926 to 1938, the years during which he played a vital role in the I. G. conquest of world markets, especially in the U. S. A. and in Italy. The latter field has been discussed in the first report. The data on his negotiations and other activities in the U. S. A. may serve as a basis for further investigations by legal and technical experts.

2. (b) *Enumeration of Journeys.*—

Year	Number of Journeys	Total duration of stay in U. S. A.
1926.....	2	Approx. 5 months.
1927.....	2	Approx. 7 months.
1928.....	2	Approx. 6 months.
1929.....	1	Approx. 2 months.
1930.....	2	} Each time 4-6 weeks in U. S. A.
1932 (?).....	1	
1933 (?).....	1	
1935.....	1	
1938.....	1	
Total.....	13	

3. (c) *Purpose and Details of Various Journeys*

1926-1929: Principally for development of Grasselli Dyestuffs Co. (later changed to General Aniline Works). During this period, simultaneously with Ter Meer, many leading officials of I. G. were in the U. S. A. on important negotiations. Ter Meer states that he did not participate in them except on a few occasions. As he was one of the leading I. G. officials in New York he was, however, asked to sign some of the contracts and agreements.

4. The following agreements were made during this period:

(i) Conclusion of the I. G.-Standard Oil of New Jersey agreement.

(ii) Development of the pharmaceutical business with Sterling Products Co.

(iii) Reorganization of Ansco Photographic Works (Agfa Ansco Co.).

(iv) Founding of the American I. G. Chemical Co.

5. The following were present in New York, simultaneously with Ter Meer:

For (i) in par. 4: Prof. Bosch, Dr. Krauch, Dr. Gaus, Dr. von Knieriem.

For (ii) in par. 4: Prof. Hoerlein, Dr. Mann senior (who died some time ago), Dr. Brüggemann.

For (iii) in par. 4: Dr. Lohöfer, Dr. Oppenheim.

For (iv) in par. 4: Dr. Max Ilgner, with whom Ter Meer discussed in detail the commercial prospects of the General Aniline Works which were to be incorporated in the American I. G. Chemical Co.

6. On Ter Meer's first journey to the U. S. A., in 1926, he was accompanied by his technical predecessor in dyestuffs, Dr. Krekeler, of Leverkusen, and the latter's collaborator Dr. Burgdorf.

7. A number of expert chemists and engineers were taken to the U. S. A. by Ter Meer for brief stays during these four years and some also subsequently. As Ter Meer was giving this information from memory he could not recall all the names. A few others accompanied him to the U. S. A. as technical advisors and remained there, e. g., Dr. Aickelin, Grimmel, Max, and Vogt, all employees of General Aniline Works.

8. Dr. W. Duisberg, a friend and advisor, who dealt with all patents agreements, accompanied Ter Meer on several journeys.

9. 1930 (Late Autumn), 1932, 1933: Various tasks: Inspection of General Aniline Works. With Dr. von Schnitzler for discussions of world markets in dyestuffs. Patents and licences negotiations. Frequent contacts with Dr. Ringer (now at "Dustbin") and Dr. Hochschwender on the I. G.-Standard Oil negotiations about the Jasco agreement. Beginning in 1930 negotiations with Dupont, Nacco, Dow, Ciba on world dyestuffs markets, especially exports from the United States. Von Schnitzler was Ter Meer's collaborator as commercial expert.

10. Discussions during these and preceding years of various commercial aspects of chemicals with Weber-Andrae (who died a few years ago), with Haefliger (now in Frankfurt prison, in the custody of G-5 Finance) and Pistor.

11. 1935, Autumn. Principally negotiations on Buna (Neopren). Also negotiations with Hercules Powder Co., Wilmington, concerning licenses for I. G. process for acetylcellulose. Visit to firm of Roehm and Haas in Philadelphia. Other current business.

12. From 1933 or 1935 Dr. Loehr accompanied Ter Meer on all journeys as collaborator and secretary. (*Note.*—Loehr, of TEA Buro—First Report, par. 43—was imprisoned for two days as he had lied about his knowledge of C. W.; later he was helpful in solving the I. G. poison gas mystery.)

13. 1938, Late Autumn: Buna negotiations with Standard Oil Co. of New Jersey, Du Pont, and various rubber manufacturers. (See par. 53.) Nylon negotiations.

14. Ter Meer was accompanied by various experts, including, as usual, Dr. Loehr. Also present as commercial expert was Director Köhler.

15. (*Note.*—Köhler is suspect with the Allies. Before the war he was general sales manager for I. G. in all English-speaking countries, including the United States but not South Africa. He was also a director in two British companies. His record during the war is obscure. His name was found on two blacklists of "T" Force, 12th Army Group. He was suspected of having been a German agent in Belgium early in the war. In April 1945 he admitted to the undersigned that he had met a Mr. Metz of New York and McWade, an Irishman, in Belgium in 1940, ostensibly concerning I. G. exports to Ireland. After that he claims to have been a Captain and a Battalion Commander in a tank regiment. Although he produced a Wehrpass to prove his military status this activity in a crack regiment seems unlikely in view of his poor physique and poor eyesight: he wears thick glasses. The Wehrpass may be a forgery. After his release from the army he travelled extensively for I. G. to many countries, including Scandinavia, Finland, Switzerland, and Italy. In April 1945 he was used by Supreme Headquarters AEF as supervisor of I. G. documents at Roundup. On the first day of arrival of CIOS Party 108 at Frankfurt he was imprisoned for lying about his secret documents. After two days he revealed his hiding place: several boxes containing secret papers had been hidden by I. G. officials under tons of less valuable documents, on his own orders. A few weeks later he was once more employed as sorter of documents at the Reichsbank. Upon the suggestion of the undersigned, who considers him to be a serious menace, he was imprisoned once more.)

16. For the Buna negotiations in 1938 Ter Meer was accompanied by Dr. Müller-Cunradi who was to determine the cost of Butalien on the Butan-Butylen basis. (See par. 53.)

17. For the Nylon negotiations Ter Meer had with him Dr. Kleine and Dr. Mediger, experts on artificial silk.

BUNA

The following is the text of a statement by Ter Meer on the development of Buna.

(A) HISTORY AND DEVELOPMENT

18. *Preliminary Work on Synthetic Rubber.*—"The synthetic treatment of rubber syntheses began in 1906. The first large-scale production of synthetic rubber was undertaken in Russia in the early thirties, i. e. 25 years later. This fact alone

proves that an unusually difficult chapter in chemical technique had been broached with rubber syntheses. No details of scientific development shall be discussed here. British, German, Russian, and American scientists have all had their share in it."

19. *Synthetic Products Most Closely Approximating Rubber.*—"No synthetic rubber which is chemically identical with the natural rubber has been produced technically until now. In my notes I shall deal with those rubber products which may be with justification called synthetic as they approximate chemically the natural rubber and imitate the structural composition of natural rubber. These are rubber products which are produced by polymerisation according to Dienen. Amongst these are the German Buna brands (numerical Buna, Buna-S and Buna-N), the Russian SK rubber and the American Neopren."

20. *Artificial Materials with Rubberlike Properties.*—"Artificial materials which are composed differently from natural rubber but possesses rubberlike properties have not been considered in these notes, especially since they play no role in the largest and most important exploitation of rubber, in the manufacture of tyres. Amongst these artificial materials are especially the 'Thioplaste' (Thiohol), Oppanol (Vistanex), Butyl rubber (Butyl), Polyvinylchloride ('Igelite', 'Koro-seal')."

21. *Three Main Periods in Development of Synthetic Rubber.*—"The technical development of rubber synthesis shows three definite periods of development:

- (i) from 1906 until the end of the first World War,
- (ii) from the First World War to the outbreak of the war in 1939,
- (iii) the period since the outbreak of the World War in 1939 especially after the conquest of the most important rubber producing countries by Japan."

(B) FIRST PERIOD, 1906-1918

22. *Limited Practical Success and Application.*—"In 1906 Duisberg ordered the chemist, F. Hofman, who was employed in the Elberfelder Farben Fabriken, formerly Friedrich Bayer & Co., to undertake rubber synthesis. This was at a time when the development of the automobile caused an important demand for natural rubber for the production of tyres, a demand which could not be covered by the Brazilian natural rubber and the first Ceylon and Upper India plantations which had just come into production. The price of rubber which until then had been in the neighbourhood of six Reichsmarks per Kilogram soared, and in 1910, for a short time, rose to more than twenty Reichsmarks per Kilogram. Thus the economic conditions for synthetic production were given."

23. "The work which had been undertaken was successful in many respects. Isopren, which may be considered the basis of the rubber molecule and its homologue 'Butadien' and dimethyl 'Butadien' were produced experimentally (im Laboratorium). Its polymerisation to the corresponding rubber was successfully carried out by various methods: polymerisation by heat with the aid of catalysers in emulsion. This work was of a basic nature and was decisive for the following decades. However, it did not lead to any practical results. During the first World War the Dyestuffs Works in Leverkusen produced altogether 2,500 tons of methyl rubber from acetone as basic material, which was principally used as hard rubber for the manufacture of accumulator boxes in U-Boats. The production terminated with the end of the war."

(C) SECOND PERIOD, 1919-1938

Germany

24. *I. G. Resumes Research on Synthetic Rubber in 1925.*—"After managing to get through the first postwar years I. G. Farben once more approached the problem of rubber synthesis. The work of noted research scientists, which resulted in the clear conception of the structure and size of the rubber molecules, led to the realization that the production of good synthetic rubber presupposed not so much the exact chemical similarity to the natural product as the imitation of its structural composition. Therefore, in place of the rare Isopren, Butadien was chosen as primary material. Production of Butadien by several methods seemed economically favourable."

25. *Drop in Price of Natural Rubber Impedes Development of Synthetic Rubber During Economic Crisis beginning in 1929.*—"The Butadien process from carbide elaborated by I. G. was not made possible until the development of carbide and acetylen chemistry after the first World War. This is known as the 4-step process and goes from acetylen through acetaldehyde, aldol, 1.3-Butylenglycol to

Butadien. Polymerisation of Butadien was carried out with sodium metal (Natriummethyl), by which the so-called numerical Buna (Buna-85 and 115) resulted. In 1929 the erection of a pilot plant for numerical Buna was planned in the Knappsack Carbide Works near Cologne. This plan was, however, not realized since under the influence of the world economic crisis the price of natural rubber began to drop, reached a price of less than one Reichsmark per Kilogram and, in 1930, its lowest point at less than half a Reichsmark (50 Pfennigs) per Kilogram. The execution of the rubber synthesis had become uneconomical."

26. *New Synthetic Rubber Suitable for Tyres.*—"During the years of the economic crisis the costly work on rubber syntheses could be continued only very modestly. This research work aimed especially at an improvement of the quality of the 'Polymerisate' which led to the realization that Buna-S, resulting in a hydrous emulsion through mixed polymerisation of Butadien and Styrol, possesses very favourable properties in regard to elasticity and durability. In contrast with the numerical Buna which was more suitable for general purposes, this Buna-S was more advantageous for tyres and was remarkably superior to the natural rubber in wear and tear of the car tyres on the roads. Furthermore, through the mixed polymerisation of Butadien and acrylnitrile a Buna-N resulted in emulsion. This Buna-N was a proof against mineral oil, benzine, and other solvents which opened up new fields of application for which natural rubber could not be considered hitherto."

27. *Cost of New Product Twice as High as Natural Rubber.*—"Despite this important advance the basis for manufacture of this new synthetic rubber did not yet exist. In order to achieve a tolerably good price balance at the very start, a large plant had been erected, the building of which was estimated at approximately 150 million Reichsmarks and the capacity of which equalled one-third of the German rubber imports at the time. But why should the rubber industry use, to a large extent, in place of the inexpensive and reliable natural product, something which was twice as expensive and the manipulation of which required expensive and new installations in the factories? Purely private enterprises could not overcome the difficulties."

28. *In 1934-35 Reich comes to Aid of I. G. Buna Works in Schkopau.*—"In 1934-35 the Reich interested itself in this matter. The reduction of unemployment remained one of its most urgent problems. Furthermore, the situation in foreign exchange credits demanded imperatively the transition to autarchic production in all fields where national economy could bear the burden. The good properties of Buna-S allowed the hope that it could also be used in the manufacture of tyres without lowering the quality of the final product. An examination of the costs proved that in view of the great increase in value which rubber undergoes during its processing until it reaches the final product, the higher price of the Buna did not mean to the consumer an insupportable increase in price; this increase, in the case of an ordinary car tyre, amounted to approximately 15%."

29. *Ten-year Buna Contract Between Reich and I. G. and Loan to I. G. of 80 Million Reichsmarks.*—"Basing themselves upon definite promises of the Reich, I. G. acquired at the end of 1935 a large property near Schkopau, in the immediate neighbourhood of I. G.'s Brown Coal Pits and of the Leuna works from which hydrogen and nitrogen were obtained through pipes. After the suitability of the intended processes and the apparatus had been proven by experimental management of the pilot plant for one year, the building of a large-scale works was started for the production of 24-30 thousand tons of Buna per year according to the 4-step process from carbide. The owner of this enterprise was the Bunawerke G. m. b. H., Schkopau, the capital of which was exclusively in the hands of I. G. and its affiliated companies. In 1937 a contract was made with the Reich according to which the Reich guaranteed the purchase of the Schkopau production at cost price with the normal amortisation of 5% capital interest. The Reich participated in the financing with a loan of 80 million Reichsmarks which was to pay 5% interest during the period of guarantee and was to be paid back in ten annual instalments. Simultaneously natural rubber was saddled with the variable import duty for the purpose of assimilating the vacillating price of natural rubber to the price of Buna. The rubber-goods industry was enjoined to utilize Buna at a favourable ratio to the natural rubber."

30. *In 1938 Second Buna Works at Hüls.*—"In 1938 a further Buna factory was erected, the Chemische Werke Hüls G. m. b. H. Here too the 4-step process was used. However, the acetylen was not produced through carbide but by the 'Lichtbogen' process from hydrogenation gases in the neighbouring Scholven hydrogenation plant. The state-owned Hibernia Mining Co., as owner of the Scholven hydrogenation plant, had 26% interest in Hüls. For this plant too the Reich granted a loan for the erection of the plant."

31. *New Process Lowers Cost and No Further Reich Guarantee Required.*—

"In this plant (Hüls) I. G. was already able to forego Reich guarantee for the purchase of the production. The improvements achieved in Buna-S in the Schkopau Works, especially the easier manipulation in the rubber-goods factories achieved by the so-called Thermal demolition (disintegration, abbau), had made of Buna in the meantime a normal product in the German economy. Its price dropped to 2.30 Reichsmarks per Kilogram and under peace conditions would have been lowered further to 1.50–1.80 Reichsmarks. Subsequently I. G. voluntarily renounced its claim to the Reich purchase guarantee for Schkopau."

Russia

32. "Before Germany initiated the study of the synthetic rubber problem Russia had begun the production of synthetic rubber. Their primary material was alcohol which was subjected to a process developed in Russia of a kind of cracking through catalysers which resulted in Butadien. The process is comparatively simple but can be applied only in countries which dispose of ample and cheap sources of alcohol, preferably through fermentation of molasses, potatoes, or grain. By means of sodium polymerisation the Russian SK rubber was obtained which corresponds to the numerical Buna of I. G. As has already been pointed out this is not a good tyre rubber but the Russian demand was at the time not principally for car tyres but for rubber shoes and boots for which the SK rubber is very suitable. The industrial production began in the early thirties; by 1935 it is said to have reached a total of more than 40,000 tons and has been increased considerably since that time."

U. S. A.

33. "In the early thirties Dupont, of Wilmington, went their own way with an interesting new process. So-called Chloropren was obtained from acetylen and was polymerised in an emulsion to Neopren. This rubber, in contrast to the natural rubber, is proof against oil and benzine. However, according to my knowledge it is not suitable for tyres. Since Neopren possesses the above-mentioned properties which natural rubber lacks, Dupont were able to market their product quite independently of the price of natural rubber and to develop a large number of novel applications in the general technical field. (Petrol hose, lining of petrol tanks, washers for oil lines, various pump parts and automobile parts.")

(D) THIRD PERIOD, SINCE 1939

Germany

34. *Enlargement of Buna Works.*—"The outbreak of the war stopped the imports into Germany of natural rubber. The first consequence was the enlargement of the two existing Buna works. The additions in Schkopau raised the production to 60,000 tons, in Hüls to 40–50,000 tons."

35. *More Economical Process.*—"In the meantime a new Butadien process had been developed in Ludwigshafen. Through the action of formaldehyde (from methanol) on acetylen, Butindiol was formed from which the 1.4-Butylenglycol and finally from that Butadien are produced. The process has the advantage that in comparison with the 4-step process less than one half the amount of carbide or acetylen is required: this is favourable influence on costing. In 1940 the erection of a plant in Ludwigshafen was decided, and I. G. financed it with its own capital. This process was of special interest to the I. G. as, in the case of a possible reduction of the Buna production, it could easily be adjusted to other novel products."

36. *Annual Production Capacity of I. G. Buna Works in 1941.*—"In 1941 the erection of the Auschwitz works in Upper Silesia was started, and amongst other plants a Buna factory with a 4-step process from carbide was erected. This resulted in the following planned production:

	<i>Tons</i>
Schkobau.....	60, 000
Hüls.....	40–50, 000
Ludwigshafen.....	25–30, 000
Auschwitz.....	25–30, 000
Leverkusen (Buna-N and less important varieties).....	10, 000
Total.....	160/180, 000

37. *Exports to Foreign Countries.*—"It had been intended to satisfy from this production also the requirements of other European countries. Regular shipments took place to France, Italy, and Sweden."

Russia

38. "The completion or enlargement of several factories appears to have been procluded when Russia entered the war. The total of the production figures are not known to me. Furthermore, they erected a plant using the DuPont process (Sowpren)."

Italy

39. "In Italy the firm of Pirelli had initiated its own development by adopting from Russian chemists the process through alcohol. The Italian State Holding Co. FRI and Pirelli jointly founded Saigs which built a factory in Ferrara. Since the amount of sodium polymerisate (Natriumpolymerisat) was insufficient, Saigs applied for a license for the Buna-S process. In 1940 an agreement was made between I. G. and Saigs. The production in Ferrara was readjusted to Buna-S and simultaneously they decided upon the erection of a plant with a 12,000-ton capacity in Terni which was later raised to 18,000 tons. The Terni plant, due to the military situation never reached the production stage."

France

40. "In 1940-42 there took place with the help of the French Government negotiations between I. G. and the firm of Rhone-Poulenc in Lyon which purposed the erection of a Buna-S plant in the Upper Rhone Valley. Although these negotiations were about to be concluded the enterprise could not be carried out as there was no hope, in view of conditions prevailing in France, of finding the necessary building materials, machines, and apparatus."

41. *Intended German-Italian-French Buna Combine for European Synthetic Rubber Kartell and Partial Replacement of Natural by Synthetic Rubber after the War.*—"The rubber producers of Germany and Italy as well as the rubber manufacturers of Germany, Italy, and France, carried on negotiations from 1941 to 1943 with a view to planning for the use of synthetic side by side with natural rubber after the war. Other European countries were to be added to this combine later. The negotiations were not completed."

U. S. A.

42. "As I have no exact statistics I shall not be able to discuss in detail the American large-scale syntheses of rubber after the outbreak of war with Japan. The action of the United States had the desired result of filling in time the threatening breach in the rubber wall of the Anglo-Saxon countries through the adoption of syntheses. The principal product in the United States is Buna-S alongside of Neopren and Butyl. Butadien is principally obtained from alcohol but only smaller quantities from oil."

BUNA NEGOTIATIONS IN U. S. A.

43. *I. G., Standard Oil of New Jersey, Jasco.*—"In addition to the basic agreement on the oil field which had been concluded between I. G. and Standard Oil, the two firms decided also on collaboration in the chemical field insofar as the raw materials, products and byproducts of the oil industry are applied as primary materials. The various clauses for the collaboration in this field were elaborated in the so-called Jasco agreement."

44. *Exchange of Information.*—"Corresponding to the intentions of the Jasco agreement the parties were from the beginning unanimous on including the production of Buna in the Jasco. Standard Oil was constantly informed of development in the Buna field in Germany. Today I am no longer able to repeat the frequent discussions in all their phases. I may state, however, the fact that Standard Oil has always taken an interest in the Buna problem and that I. G. made every endeavour to realize a technical solution of rubber syntheses for the United States, the largest rubber-consuming country in the world."

45. *In Early Thirties First American Tests on Buna by General Tyre Co., Akron.*—"The initial steps in the United States probably took place in the early thirties. At that time I. G. had produced with Buna-S the first usable tyre rubber; this was to be confirmed by tyre tests in the United States. Standard Oil recommended that these tests should be carried out in a smaller tyre factory, the General

Tyre Co. in Akron, which was well known for its high-grade production. An agreement was made with this firm according to which, in case of its undertaking the manufacture of Buna in the United States; it would be entitled to preferential conditions for delivery. The tests were carried out at Akron in the presence of a tyre expert of I. G. but the results were not satisfactory."

46. *No Big Development of Buna in U. S. A. Until War With Japan.*—"At the same time tests were carried out in Baton Rouge to obtain acetylen from natural gas by the 'Lichtbogen' process. Approximately towards the middle of the thirties this process may have been completely elaborated for technical application. Its use for Buna could not be considered from general considerations. The U. S. A. had at its disposal natural rubber at very low cost and in unlimited quantities. In fact from the time of the first World War until the outbreak of the war with Japan there has never been a dearth of natural rubber. There were no compelling reasons for a transition to syntheses, such as the lack of foreign exchange credits in Germany. The synthetic product was twice as expensive, its method of manufacture was considerably more difficult and its properties were on the whole not superior to those of the natural product."

47. *DuPont's Neopren and I. G.'s Buna.*—"In 1935 in accord with Standard Oil synthetic rubber was discussed in Wilmington on the following basis; DuPont had developed their own process for the production of Neopren from acetylen and had started its manufacture. At the time one could not tell whether Neopren was a tyre rubber or whether it could be developed for use in tyres. In any case it was of great interest to learn to know the views of DuPont on the prospects of rubber syntheses in the U. S. A. Perhaps joint action of Jasco and DuPont was desirable with the aim to exploit jointly the experiences of I. G. and DuPont and to develop them further."

48. *Comparative Tests on Two Butadien Processes.*—"Aside from this I. G. was interested in a possible exploitation of the Neopren process in Germany. Furthermore, the possibility to obtain Butadien from the first intermediate product of Neopren, i. e. Vinylacetylen, through nitrogen, caused I. G. to have this process tested for its competitive qualities with the German Butadien process."

49. *Negative Results of I. G.-Du Pont Negotiations in 1936.*—"The very detailed negotiations which took place in Wilmington were without concrete results. The representatives of Du Pont maintained that there was no place for Buna in the United States in view of its high cost. They preferred to develop Neopren step by step for suitable special fields and thus to build up a remunerative business. It was difficult to meet this argument. In 1936 the rubber specialists of Du Pont visited I. G. and were carefully instructed on Buna. However, this did not change their viewpoint of the previous year. I. G. nearly acquired a license for the Butadien process from Vinylacetylen, the process which was not generally accepted."

50. *Goodyear, Goodrich, Buna-S and Buna-N.*—"In the following years Germany proceeded to the large-scale technical production of Buna-S. For obvious reasons this action attracted general attention. We heard from the American rubber manufacturers, Goodrich and Goodyear, that they were interested in Buna and that they had begun to work on it. Goodyear, for instance, showed us Buna-S tests produced in their laboratories. This Buna-S almost equalled ours. The decreased wear and tear of tyres protected by Buna-S as compared with natural-rubber tyres appeared attractive despite the higher cost. Buna-N had become known in the United States and was introduced for special purposes; however, only as import product and in small quantities. Everything pointed to the problem of Buna production in the United States entering a more favourable stage."

51. *Isobutylene (Oppanol) Suitable for U. S. A. Due to Cheap Butadien Derived from Oil.*—"At the same time I. G. was able to register further important progress. On the one hand, there was the thermal demolition (disintegration, abbau) of Buna-S, mentioned above. This product equalled natural rubber in manufacture and manipulation. The interest in Isobutylene (in place of Oppanol) spurred I. G. on to renewed tests on the production of Butadien from Butylene and Butane. These tests were successful and brought nearer the desired cheap source of Butadien in the U. S. A. on an oil basis."

52. *In 1938 Reich Sanctions Production in U. S. A. of Buna through Butadien Process.*—"The position was reported to the relevant authorities in Berlin in 1938 and permission was obtained to proceed with the Buna process in the United States. Careful calculations were made with Standard Oil for the Butadien process from Butylene and Butane which resulted in a considerably more favourable production price as compared with the acetylen process."

53. *In Late Autumn 1938 Ter Meer Negotiated in the U. S. A. with Goodrich, Goodyear, U. S. Rubber, Firestone, General Tyre. Manufacture of Buna-S with Help of Jasco and Du Pont.*—"In the late Autumn of 1938 I paid personal visits to the heads of Goodrich, Goodyear, U. S. Rubber, Firestone and General Tyre Co. in order to induce them to carry out practical experiments with Buna-S. I had the following in mind for the U. S. A.: Production of cheap Butadien on a crude-oil basis through Jasco, erection of a Buna-S and N factory of the approximate size of the Schkopau plant (30,000 tons), possibly with the collaboration of Du Pont, and an agreement with the rubber consumers of a guarantee for several years for the purchase of the output. The negotiations conducted on these lines had positive results. However, the rubber consumers, especially Goodrich and Goodyear, expressed the wish to produce Buna themselves under a licence, but they were ready to undertake experiments on tyres with imported Buna-S, and carried out this plan in 1939. As far as we have reports about these tests they showed, generally speaking, satisfactory results."

54. *Ter Meer's Contemplated Visit to U. S. A., for Conclusion of Contracts in Autumn 1939 Interrupted by War.*—"Thus, after years of endeavour, the path to the production of Buna in the United States seemed open. In the Autumn of 1939 I was about to carry out the necessary negotiations—when war broke out.
(Signed) Dr. FR. TER MEER."

55. *B. W.*—Ter Meer disclaims all knowledge of the subject.

I. G. EXPERIMENTS WITH POISON GAS AND NOXIOUS FUMES

(See First Report, paras. 45–87.)

56. *No Knowledge of Poison Gas in Concentration Camps.*—Ter Meer was unable to throw any light on the origin or the type of gas used at Maydanek or Lublin and Auschwitz concentration camps to extinguish thousands of lives. He states that, if I. G. made the gas, it was never brought to his attention. He suggested that Prof. Gross would be the I. G. scientist to state definitely whether such gas was developed in I. G. research laboratories or has been made by them.

57. *Prof. Gross and his Laboratory in Elberfeld.*—Prof. Hörlein had an I. G. Laboratory in Elberfeld where he developed Tabun. The most secret part of the laboratory is called the Zentralstelle which is in charge of Prof. Gross. There the effects of poison gases and of noxious fumes of less harmful chemical products were studied. Originally the experiments were carried out on monkeys, later on human beings. For the latter, KZ (concentration camps) inmates, who had been condemned to death, were selected and were allowed to volunteer for the experiments with the proviso that in case of survival they would be pardoned.

58. *First News of Gelan (Tabun) Tests on Human Beings.*—Hörlein met Ter Meer in Berlin for the discussion with HWA (Army Ordnance) of I. G. production of poison gas and for the subsequent visit to the HWA Poison Gas pilot plant at Spandau, in Autumn 1939. Before the meeting with HWA representatives, at the Berlin hotel where they were staying, Hörlein told Ter Meer that Prof. Gross had experimented on the effects of Gelan (later called Tabun) on condemned inmates of concentration camps in the Zentralstelle of Hörlein's I. G. Laboratory at Elberfeld.

59. *Imitators of I. G. Farben, but only for Tests on Animals.*—Some time before the war Du Pont asked Ter Meer in the U. S. A. to put them in touch with Prof. Gross. Apparently they contacted Gross and created a Zentralstelle in their laboratories for the study of the effects of noxious fumes on workers. Du Pont, however, confined their tests to animals.

60. *Justification of Experiments on Human Beings.*—Ter Meer was asked if he felt that experiments on human beings were justifiable. He argued that (a) no harm had been done to these KZ inmates as they would have been killed anyway and were thus offered a chance of survival, (b) the tests had a humanitarian aim in that not only poison gases (Kampfstoffe) were to be combatted but lives of countless workers were to be saved by discovering antidotes for noxious vapours emanating from the chemicals they produced.

(Signed) EDMUND TILLEY,
Major, E. P. E. S., F. I. A. T.

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FALKENHOF NEAR FALKENGESÄSS,
September 25, 1945.

Dr. C. Krauch.

I. POISON GAS

(a) *Gendorf-Dyhernfurth plants.*—After outbreak of war, the German Government ordered a new-established firm to build up Gendorf and Dyhernfurth plants; I. G. was ordered to give their scientific and technical know-hows. In charge of technical development was Dr. Ambros, I. G. Ludwigshafen, and his staff.

Production at Gendorf was about 2,000 moto Lost, about 500 moto Diglykol.

Production at Dyhernfurth was about 700 moto Tabun; less than 100 tons/month Sarin.

The produced poison gas was delivered by the plants to Heeres-Waffen-Amt, who distributed the products on different filling stations. The producing plants did not know anything about the manufacturing and filling of poison gas; it was kept secret by military officials.

By order of German government, the Dyhernfurth plant was absolutely destroyed before occupation by Russians; all fore and end products were destroyed.

Judging from conversations, I had few months ago in the hospital with members of USSBS (Col. Snow) and Chemical Warfare (Col. Tarr) the gentlemen seemed to be mostly interested in Sarin and Tabun; they asked me for construction plans and details of fabrication. As far as I understood, they intended to erect similar plants in U. S. A. I told them to apply to Dr. Ambros and his staff of Gendorf.

(b) *Leverkusen, experiment with insecticide.*—The experiment was made in Wuppertal-Elberfeld, not in Leverkusen. A fatal accident occurred with a laboratory worker in the laboratory, whilst making experiments with insecticide (death by paralysis of nerves). The "Berufsgenossenschaft" (an official institution of the government) ordered I. G. Farben to make exact investigations thereabout. At this occasion, it was found out that the death was not due to the insecticide itself, but to special impurities of the insecticide, whose chemical constitution could be defined exactly. It was stated as a long-known substance, but its poisonous condition was unknown up to that date. Publications in literature have been made thereabout by a Swedish scientist already 20 years ago.

(c) *Knowledge of use of poison gas in Auschwitz concentration camp.*—I don't know anything about use of poison gas in Auschwitz concentration camp.

(d) *Who was in charge of technical development.*—Prof. Hoerlein, Wuppertal, Elberfeld, was in charge of scientific development; transfer in technical scale and improving of technical processes was matter of Dr. Ambros, Ludwigshafen.

2. FOUR-YEAR PLAN

(a) *Functions originally.*—Mr. Vögler (president of the Vereinigte Stahlwerke) has given my name as a technical expert of I. G. Farben for gasoline synthesis. Maybe this was the reason why General Milch viz. Göring in summer 1936 called me for the Four-year plan (first name of the office was "Rohstoff-und Devisenstab," then changed in "Reichsstelle für Wirtschaftsausbau," during the last years "Reichsamt für Wirtschaftsausbau"). The Amt was divided in four chief divisions:

1. Department for planning and statistics.
2. Department for building industrial plants.
3. Department for research and development.
4. Financial department.

I was in charge of the department for research and development. This department had following tasks: Drawing statistics showing the actual production capacities and import figures, necessary to satisfy the German requirements in raw materials, developing new processes of hydrogenation, Buna, plastics, etc., substitutes of foreign raw materials like leather, tannics, woods, papers, wool and cotton, disclosing new home ore mines and conversion of German metal consumption to home raw materials (e. g. aluminium instead of copper, etc.), enlarging the German food basis by developing new insecticides, scientific furtherance of using fertilizers, development of new processes to save fat and soap stuffs (hitherto being used for food purposes), examination of novel inventions of different nature, except those for military purposes, with regard to their importance and—if useful—giving financial support to the inventors.

In spring 1938, the Amt was partially taken over by Reichswirtschaftsministerium; in consequence thereof, competences of the Amt were more limited.

(b) *New functions and duties in 1938.*—In summer 1938, whilst Czechoslovakian crisis, General Löb had submitted to Göring production figures and dates on subject of German chemical raw materials. I informed Göring that these figures

were much too high and corrected them. This was the reason for Göring—in order to guarantee exact figures in future—to nominate me as his “Generalbevollmächtigter für Sonderfragen der *chemischen Erzeugung*” (=Gebechemie) and to authorize me to control the technical building of chemical production on following sections:

Oil (except crude-oil).

Buna.

Light metals.

Powders and explosives.

In January 1941 nitrogen was included in this authorization. During 1942–1945, Speer was called as minister for armament and war production, and in consequence thereof, substantial parts of Göring’s and Gebechemie’s duties changed over to Speer. *Dr. Schieber* as manager of *Rüstungslieferungsamt* assumed responsibility for accomplishing powder and explosives plan including poison gas and rocket projects; *Kehrl* managed his own *Rohstoff- and Planungs-Amt* and became responsible for the whole allocation and controlling of Gebechemie duties.

In May 1944 *Geilenberg* was ordered by Hitler to repair all bomb damages in chemical plants; he was called “*Generalkommissar für die Sofortmassnahmen.*”

Drawing up the requirement figures and fixing claims for supplies and the necessity to erect new plants was exclusively made by Wehrmacht and Reichswirtschaftsministerium.

(c) *Detailed statement as to operation under Goering.*—Since beginning of my authorization as manager of the department for research and development, I applied to the whole chemical industry and their experts for collaboration, establishing of so-called “*Arbeitsgemeinschaften*” (colloquien), where all members were sitting at one table speaking frankly and being of good will for collaboration. First principle was to keep up the private economy and to avoid—as far as possible—the Government’s influence. This method was generally practiced some years later on Speer’s initiative, whilst it was refused and objected formerly.

Similar steps were taken to support scientific work with universities and technical high schools, who were in great need of it, by the four-year plan. Furtherance was given by financial support and material supplies in a much bigger scale than the government itself would have done it at any time.

To give an idea from the method of treating problems in the Amt, I choose the example Buna: After knowing that natural rubber could be replaced by synthetic rubber, all processes were tested in laboratories of various firms, by personal inspection and conferences, as thorough as to allow erecting a small-scale pilot plant. The arising difficulties were reported to me and further tests—also at high-school-institutions—were made to find out the cause and to put it aside. All these questions were discussed with all interested technical and chemical experts, and after all difficulties be swept away, a big-scale pilot plant was starting to operation, the result of which giving the figures and dates for greater production. After knowing the exact figures and terms, the department research and development had finished his task with this problem and reforwarded the matter to the department for industrial building, to induce erecting the plant. Only in case of difficulties, resulting from synthesis process in the greater production, the department research and development was applied to again, same as in case of difficulties in manufacturing the product. They were frankly talked over in discussions with manufacturers like Dunlop, Conti, etc. Difficulties from construction materials were cleared with suppliers like *Vereinigte Stahlwerke*, *Bamag-Meguin*, etc., who were responsible for delivering raw material (steel construction, alloys, machines and so on) and technical construction plans.

Gebechemie was controlling the technical building on sections, mentioned before, besides of research and development, but had nothing to do with the production planning and the production itself.

The department research and development of the Amt and of Gebechemie had to examine proposals of inventors—except those for military purposes—and brought them into connection with those manufacturers, who were ready to realize the invention, or gave financial support if necessary, supposed that the invention was important.

Since 1929, I managed *Reichsamt für Wirtschaftsausbau* besides of Gebechemie for a limited period; the official leader had to be nominated later on. Both offices were connected by personal union. During my 9-year’s activity under Goering, I saw him personally ten to fifteen times only. He ordered me to inform him about the standing on my sections. Besides this, detailed quarterly reports were given to his Secretary of State. Occasionally, I had to deliver verbal reports before the *Generalrat*, presided by the Secretary of State, representing Goering.

[Translation: Dobbek/Radtke]

DR. STRUSS, I. G. FARBEN

MANUFACTURE OF POISONOUS GASES IN GERMANY

The following manufacturing plants came to my knowledge:

- (1) *Gendorf* "Lost" (Mostardgas):
 - (a) According to the process over ethylenoxide \longrightarrow Glyecin ($C_2H_4OH)_2$.
 - (b) According to the so-called direct process over ethylene + sulphuric chlorine.
- (2) *Huls*.—"Lost" according to A. It never came to my knowledge whether they ever produced.
- (3) *Dyhernfurth*.—A gas of which I have not the slightest knowledge of name or chemical constitution.
- (4) *Azine*.—Diphenylarsine or its chloride (Adamsit). Manufactured at Uerdingen.
- (5) *Chloracetophenone* (tear-exciting gas). Probably at Ludwigshafen.
- (6) *Supplement, page 7: Seewerk* (translation see page 5).

(1) GENDORF

The works have been erected by the Wehrmacht. When I visited the works together with Dr. Ambros on 18th March 1943 expenditure 50–60 million Reichsmarks. Carbide is being purchased by the adjoined Hart. Conversion into acetylene—ethylene—ethylenoxide then probably diglycol and/or Glyecine. In the last year they have switched over to acetylene—acetic aldehyde, the latter product for Buna and solvents. Works manager: Dr. Wittwer.

I saw the plants acetylene, ethylene, ethylenoxide in operation. The direct Lost plant had not begun to work properly and was out of action; it was badly built up by Leverkusen. The process (ethylene + sulphuric chlorine) had been developed in the inorganic laboratories of Leverkusen (Dr. Noack) and had been accepted by the Wehrmacht. The product was, after some time, deteriorating in grenades which had been filled for test purposes.

The direct plant of Gendorf was probably never operating. In a forest, about 100–200 metres northwest of the works, there was a 90% completed plant for the process over ethylene which needed three times the quantity of chlorine. Presumably, this plant was later completed. Since about July/August last, Lost can hardly have been produced at Gendorf as ethylene oxide and chlorine became more and more scarce and there was already too little for other important purposes. Furthermore it became necessary to switch over to acetic aldehyde (see above).

(2) HÜLS

Produces ethylene of luminous-arc acetylene. It was intended to produce diglycol for explosives and perhaps Glyecine for Lost in a military plant which was situated offside in a forest. The Glyecine should be stored for possible future use. Recollection not sure as the matter dates back at least 5 years.

(3) DYHERNFURTH

Only short visit on 30th January 1942. The plant was set up by the Wehrmacht. Cost 100–120 millions. A distillation plant was visited in which shortly afterwards the fractioning of a methylamine mixture supplied by Leuna should take place. Later on, it was intended to manufacture the mixture consisting of methanol and ammonium and to separate it into mono-, di-, and trimethylamine. The dimethylamine was apparently the desired intermediate. The actual poisonous gas plant was extremely complicated and still very much in a state of construction. Each reaction boiler was surrounded by a completely closed double glass house from where the boiler could be handled and which was under a slight overpressure. The filling plant for grenades was situated somewhat offside and still in a state of erection.

The poisonous gas which is said to pass through normal gas filters in an unhampered manner, was developed at Leverkusen-Elberfeld (Prof. Hörlein). It is without doubt that manufacture took place until recently; large quantities of chlorbenzene were needed for this product. They asked for 400–500 monthly tons of this; but these quantities were probably never used up. Requirements submitted to Tea office (Dipl. Ing. König); however, here nobody knew anything about the use of it. Apparently the chlorbenzene entered into the molecule and was no longer used as solvent.

The first unconfirmed news before and immediately after the advance of the Russians into Silesia said that the personnel could duly be removed to the Baltic—Karlshagen or a similar name. I consider it to be impossible that manufacture was continued after the complete destruction of the manufacture of intermediates and traffics and because the manufacture of this product was too dangerous.

(4) AZINE—ADAMSIT

Details regarding the manufacture of an intermediate are probably kept with the Tea office (Dipl. Ing. König). Otherwise I know nothing about it. Manager Uerdingen: Dr. Haberland.

(5) CHLORACETOPHENONE

Manufacturing details with Tea office (Dipl. Ing. König).

Filling of Grenades.—I have never seen a filling plant in operation for poisonous gases. I imagine that it is possible to fill all gases into grenades of all sizes or into bombs. It is required that the poisonous gas does not react on iron. The latter case occurred when making tests fillings with direct Lost; for that reason this product was unsuitable. In 1944, I saw a filling plant for explosive grenades up to 15 cms. at Allendorf near Marburg.

Foreign workmen in factories producing poisonous gases.—In the ethylene plant of Gendorf I saw one French P. W. and understood that compulsory measures had been put on the works to employ in individual cases foreign workmen who however, were only working in undangerous plants. I never heard of any other cases.

Formula picture—see page 6 (translation see page 4).

FRANKFURT a. M., 26/4/45.

(Signed) Dr. ERNST AUG. STRUSS.

LOST

(a) Direktverfahren:

2 Aethylen + Schwefelchlorür = Lost

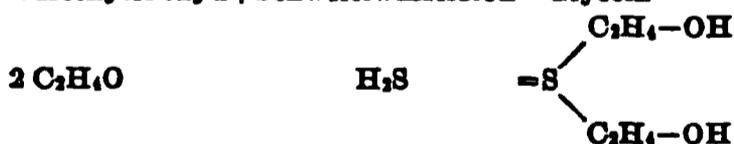


(b) über Aethylenoxyd:

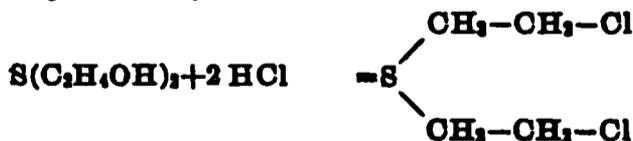
Aethylen + 2 Chlor + Kalk = Aethylenoxyd



2 Aethylenoxyd + Schwefelwasserstoff = Glyecin



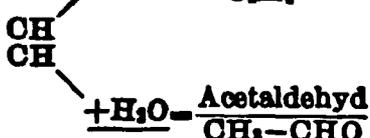
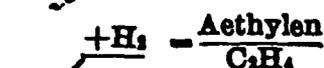
Glyecin + 2 Salzsäure = Lost



Verfahren: (a) theoretisch auf 158 ko. Lost 70 ko. Chlor
(b) " " " " 210 "

Aethylen	Glycol	Diglycol
CH ₂	CH ₂ OH	OH ₂ -CH ₂ OH
OH ₂	CH ₂ OH	CH ₂ -CH ₂ OH

Acetylen



(6) SEEWERK

Seewerk is situated half way between Berlin and Frankfurt/Oder. Seewerk is an assumed name for a place which is unknown to me. 1½ or 2 years ago, Dr. Ambros informed me that he had to take charge of these works. He asked me, to release Dr. Günther Gorr, the leader of my Berlin office, for the management of these works. Dr. Gorr was for a short time in charge of these works and then had to resume his Berlin post owing to illness. I know from Dr. Gorr that Seewerk worked on fluorides, the origin of this development is not I. G., but Auer. I presume that it concerns poisonous gas. I never heard anything about clearance or removing of these works; in this case manufacturing also appears to be very difficult so that under the present circumstances resuming of manufacture in another part of Germany will be out of question.

(Signed) Dr. ERNST AUG. STRUSS.

Ffm., 27/4/45.

[Translation: Dobbek/Radtke]

MISCELLANEOUS—2 COMPANIES IN DYHERNFURTH

I learnt from a discussion with a foreman who returned from Dyhernfurth (Februar 1945) that there were 2 companies at Dyhernfurth or two managers who were working against each other:

(1) Dr. Palm.

(2) Chief Engineer Schmal, the latter for "inorganics" with which line I am not acquainted. Chief Engineer Schmal called on me in March 1945 in order to go by request of Dr. ter Meer to Italy. He confirmed that the personnel remained there until shortly before the arrival of the Russians, he did not mention anything about the removal of manufacture, destroying, etc.

STATEMENT OF THE FOREMAN FROM MAINKUR ABOUT DYHERNFURTH

On a Sunday, orders were received to destroy an important product called "K Stoff" of which there were still a number of tons (or drums ?) available. The work was very difficult and affected the eyes. For that reason the foreman was as a patient sent on Monday evening to the Catholic nurses of D. Together with the nurses he refuged the following day approx. 20 Kms. westward. Here he heard on Wednesday heavy detonations. He presumes that at that time the poisonous gas plant was blown up.

DR. AMBROS IN THE SUPREME HEADQUARTERS

About a year ago, Dr. Ambros was called to the Supreme Headquarters where an army official held a lecture on poisonous gases. After quiet and objective discussions it was decided to abstain also in future from the application of poisonous gases. My idea was, that the production was insufficient and that it was to be feared that, same as in case of the air force, the enemy might be able to use bigger quantities in reaction.

WORKS OF THE PHYSICAL DEPARTMENT, MAINKUR (DR. REIN)

Since 5-6 years, manufacture of coloured-light filters for searchlights, etc. Optical development probably A. E. G. The light filters shall have the effect that the beams became invisible for the eye. By means of a special device the respective objectives: aeroplanes, ships, troops are being made visible again. This invention may likewise be used for signals. About 2 years ago, manufacture was removed to Raspenau in the Sudeten territory, and when the Russians approached it was tried to remove it to some place in Frankonia unknown to me. Dr. Wilmanns of Schönberg (16 Kms. off Frankfurt) was collaborator for some time. This gentleman hears badly.

POLYURETHANE

I consider the development in this field to be the most interesting within I. G. Dr. Otto Bayer, Leverkusen. The latest stand of the matter is stipulated in 2 agreements, placed in the top right secret drawer of my cabinet. When I last time was, together with Major Hardiman, at the undestroyed cabinet, the file was still there.

(Signed) Dr. ERNST AUG. STRUSS.

Ffm., April 27, 1945.

[Translation: Löser/Sippel]

Dr. OTTO AMBROS

I. G. FARBENINDUSTRIE AKTIENGESELLSCHAFT

LUDWIGSHAFEN, Febr. 6th, 1939.
Dr. A/Dr. D.Herrn Dir. DR. KÜHNE,
I. G. Farbenindustrie Aktiengesellschaft, Leverkusen.

DEAR DR. KÜHNE: Some time ago, as you know, Dr. Engelhardt of the Orgacid G. m. b. H. approached us, in order to establish a cooperation community between I. G. and Auer in the field of poisonous gases. After having got into touch with Prof. Hörlein, who declined this cooperation community, we have treated the whole matter dilatorily, and after several discussions with Dr. Engelhardt the negotiations had the following result:

The cooperation community as desired by Dr. Engelhardt is declined by the I. G. However, the I. G. is prepared to cooperate in certain special fields from one time to another with Dr. Engelhardt and Auer, respectively. In this sense we have now written to Dr. Engelhardt and enclose copy of this letter.

At the last discussion between your experts in the esterification field and the gentlemen of the Heereswaffenamt (army armament office) on Febr. 2nd at Leverkusen was agreed—as we were informed—that your experts intend to pay a visit to the work Ammendorf of the Orgacid, in order to utilize the experiences made there. As far as we are informed, in the first place the sanitary measures of that plant should be visited.

We have certain hesitation if the I. G. visits plants of the Orgacid, as we fear that the Orgacid will then expect the same from the I. G. As we intend to decline a closer cooperation with the Orgacid and Auer-Engelhardt, respectively, we should endeavour to avoid everything, that gives the other party a certain right for such requests.

In order to guarantee a uniform procedure of the I. G. on this subject I should like to ask you to negotiate exclusively with Dr. Wittwer, as to the esterification field between Leverkusen and the Heereswaffenamt (= army armament office) as well as eventually with the Orgacid and Dr. Engelhardt, respectively. Dr. Wittwer is, in view of his experience in the ethylene field within the I. G. the competent person to occupy himself with all these problems in the interest of the I. G. and the Reich, and especially in view of its official position at the Reichsstelle für Wirtschaftsausbau. Otherwise it must be feared that the works of the I. G. take on a different attitude concerning special questions in this field and which may lead to differences not only at the official offices but also at the Orgacid and Engelhardt, respectively.

I should feel obliged to you if you would inform your colleagues in this sense.

With kindest regards,

Your

(Signed) AMBROS.

[Translation: Langenbach/Mungai]

I. G. FARBENINDUSTRIE AKTIENGESELLSCHAFT, LUDWIGSHAFEN/RHEIN

INTERMEDIATES GROUP

Copy Nr. 3.

L. K.—Abt.
Dr. Wi/Kr.

FEBRUARY 23RD, 1939.

"Secret command matter"—Confidential!

DISCUSSION ON COOPERATION I. G./ENGELHARDT ON FEBRUARY 17TH, 1939, IN
BERLIN, SCHADOWSTR. 4, WA PRÜF. 9

Present:

Lieutenant Colonel Schmidt
Major Dr. von Sicherer
Counsellor of the government Dr. v. d. Linde
Lieutenant Dr. Ritter
Wa Prüf. 9
Ministerial counsellor Dr. Zahn, Wa I Rü 9
Director Dr. Ambros
Dr. Wittwer
I. G. Lu

By request of the HWA (army ordnance department) a discussion was to take place between I. G. and the HWA (army ordnance department) in order to talk on the future cooperation of I. G. with Dr. Engelhard on the field of poisonous gases. Dr. Ambros pointed out straight away that an unlimited cooperation on all these matters, which partly also extend on material being equally important for private business would not be possible but that the manner of cooperation ought to be stipulated in each individual case.

Thereupon one discussed first of all such topics being of interest at the present moment:

(1) OXOL—LOST

I. G. declared readiness on principle that the new method of Leverkusen after having been tested on a technical scale which will be possible from March onward should be put at disposal for the plants at Ammendorf and V. T. It was agreed upon that after having finished the testing experiments at Leverkusen the question should be discussed with Dr. Engelhard in how far this method may still be made use of at the erection of the esterification and how far the continuous quartz columns can be fitted in. On the other hand Dr. Engelhard will put at the disposal of I. G. all his experiences on the Lost field, for instance regarding questions of material, storing, depoisoning, etc.

(2) D—LOST

At the beginning Major Dr. von Sicherer, probably on behalf of Dr. Engelhard made the proposal that I. G. should work the D-L synthesis on the basis of SCl_2 and Orgacid on the basis of S_2Cl_2 . We at once replied that we would not see the problem for this process lying in this question but rather in the way of developing a continuous process this being of highest importance for a production on large scale. It was agreed upon that Leverkusen is to undertake these continuous experiments and to report on the results as soon as possible. In case the continuous process not being possible the Auer process will be adopted.

Counsellor of the government Dr. Zahn put the question whether I. G. would be ready to found together with Dr. Engelhard a new company for the future intentions on this line, without Auer and Goldschmidt. Dr. Ambros pointed out that Dr. Engelhard as a partner in such a company would only be of little use for I. G. as in this case I. G. would all the same have to do all the work, but that the Orgacid had proved already to be a company thoroughly capable for the execution of the army plants. Thereupon Zahn suggested that I. G. should enter into the Orgacid. He will discuss this matter with ministerial counsellor Dr. Zeidel.

Following up this discussion there was a conversation with Dr. Engelhard at the Länderbank during which he developed once more his ideas known to us. Engelhard intends to leave the Auer Company and to deal on his own account with the various questions on the field of poisonous gases. He fears, however, that—as this has already happened in connexion with Hüls—by and by he will be dropped by I. G. and that seen at long sight he will entirely be pushed aside from this line. He would rather prefer that I. G., without Auer and Goldschmidt, should establish together with him a new mining company operating already for the VT-plant and also for the future DL-plants.

Dr. Engelhard went on in saying that he intends to separate the so-called organic laboratory, which exclusively is experimenting with poisonous matter from the Auer company. His idea is to found in connexion with the army ordnance dept. a research institute for poisonous matters. The research results would be put at the disposal of Orgacid by him and this company would then take in charge the technical execution of the plants. For this research institute he would apply for the assistance of I. G.

As regards the organization of Orgacid Dr. Engelhard gave the following explanations:

Interested parties: army ordnance department, Goldschmidt and Auer, the latter two firms with a capital share of RM. 60,000 each. The Oxol produced in Ammendorf costs about RM. 1.70, being sold to the mining industry with a profit of 6%. The profits are distributed amongst the three shareholders at three equal parts.

In accordance with this discussion the following ideas were put forward to be examined by I. G. and Engelhard and to be discussed later on with the army ordnance department:

(1) I. G. joins the Orgacid and participates through this company in the erection of the intended new plants. Hüls will entirely be taken out of the Orgacid,

also such plants, being built on behalf of the army ordnance department in other I. G. works. According to the present position this would mean that this enlarged Orgacid would comprise the plants at Ammendorf, V. T. as well as intended D-L plants, and perhaps Hahnenberg.

(2) Dr. Engelhard will found a research institute for poisonous material which will largely be supported by introducing problems on this field emanating from the scientific laboratories of the universities and industry.

On these two fundamental items Dr. Engelhard will get in touch with Dr. Zahn.

The following is to be said on the above:

(1) It seems to be absolutely necessary for the interests of the *chemistry concerning the German armed force* on this important field to found a *neutral research institute* on the same line as the organization of the "Emperor William institute" established during the world war. The question as to whether Dr. Engelhard is the suitable personality for the management of such institute seems for the time being to be of minor importance. By appointing suitable cooperators from German chemistry one will, no doubt, have the possibility of developing by and by this institute to attain a high standing value of scientific benefit. The laboratory of the armed forces at Spandau deals rather with questions of technical application than with research work.

(2) The *execution of the enormous plans* in the field of poisonous matters will make it a point of utmost importance for Germany to obtain for this purpose one single chemical-technical organization of the latest shape—in this case the Orgacid extended by I. G. It will then surely be avoided that processes technically out of date (as for instance in the VT-plant or in Seelze) or a kind of torso works not to be operated (for instance Hahneberg) being built. On account of the excellent experiences and the sentiment of responsibility of I. G. it will no longer happen that such plants being built merely—as it was so far the case with the Orgacid—because the armed force had passed an order to this effect.

The Orgacid people who so far received their orders exclusively by the armed force, without any connexion with the other quarters, could after the altered form of the firm being adopted be more subordinated to the organization Krauch so that a false investment as regards raw material would in future be impossible.

However, also from the *point of view of I. G.* it appears useful to participate in this way on the poisonous material line:

(1) Upon joining the Orgacid, I. G. will get a good insight and influence on these plants, for instance again in Ammendorf. Nothing will then be built or operated without knowledge of I. G.

(2) By issuing the order for new plants to the Orgacid, I. G. can, to the benefit of the Reich put their experiences at disposal without being entrusted with the total execution of erecting the plant. All pending questions with the authorities as well as the technical questions on the erection itself will be treated by the Orgacid, I. G. will only take upon themselves the construction as well as mounting work for certain plants, in which I. G. being particularly interested. For instance one could imagine that for the first big D-L-plant I. G. would undertake to supply the ethylene (Linde plant), in case of a failure of the experiments at Leverkusen, Auer to deliver the D-L-apparatuses and for instance, Goldschmidt, the chloride electrolysis. The total of the planning of the works installation, the conduct system, the buildings, the connexion with the authorities, the engagement of workmen, etc., will be dealt with by Orgacid.

(3) The risk that owing to the participation at Orgacid the experiences of I. G. might become known outside, will not be run to any larger extend than hitherto, for instance at Ammendorf. I. G. have built the whole plant and then had to give same over to the Orgacid. There is also every possibility for a legal security and its control as soon as I. G. have become partners of Orgacid.

(4) It should be examined as to whether after having joined the Orgacid, I. G. can claim the right that the plants basing exclusively on their processes, i. e., for instance an oxyde-, ethylene-, thionyl chloride-, etc., plants in case of need can be taken on lease and be run by them *alone*. The Orgacid rents and runs the complete plant only if same serves its proper purpose, i. e., the production of poisonous matter.

(5) In the same way as done in connexion with the V. T. plant I. G. could claim the technical management of the plants built by them so that also in this way any sacrificing of their processes would be avoided.

(Signed) WITTWER.

Copies to various competent gentlemen; details see in German original.

EXHIBIT No. 31

STATEMENT BY DR. VON SCHNITZLER ON FARBEN'S PART IN NAZI WAR EFFORT

22 AUGUST 1945.

Even without being directly informed that the government intended to wage war, it was impossible for officials of I. G. or any other industrialists to believe that the enormous production of armaments and preparation for war starting from the coming into power of Hitler accelerated in 1936 and reaching unbelievable proportions in 1938 could have any other meaning but that Hitler and the Nazi Government intended to wage war come what may. In view of the enormous concentration on military production and of the intensive military preparation, no person of I. G. or any other industrial leader could believe that this was being done for defensive purposes. We of I. G. were well aware of this fact as were all German industrialists and on a commercial side, shortly after the Anschluss in 1938, I. G. took measures to protect its foreign assets in France and the British Empire.

The size which the rearmament had taken from the beginning of the year 1938 could only be considered as meant for purposes of war. Hitler apparently was decided to solve the problems as he saw them in the eastern and southeastern parts of Europe and was ready to do that by aggression if he could not achieve it with diplomatic methods. Thus the whole country was in a continuous state of mobilization and everything which has been done in particular was only a step to the same aim or target, the limits of which, of course, nobody exactly knew. In the summer of 1939 the tension in Danzig and in the so-called Corridor and on the borders of upper Silesia became so acute that a clash could break out every day. The preparations in the industry were being kept on a corresponding level, and when one finally got to war, it was only the last step of a long prepared evolution.

G. VON SCHNITZLER.

EXHIBIT No. 34

STATEMENT BY DR. VON SCHNITZLER ON FARBEN'S PRIOR KNOWLEDGE OF HITLER'S AGGRESSIONS

28 AUGUST 1945.

I would say that in my capacity as Deputy Chairman of the Wirtschaft Gruppe Chemie I had occasion to meet with Mr. Ungewitter at least once a month in Berlin. There we discussed official business regarding the different matters concerning the chemical industry. It was in July 1939 at one of these meetings in the presence of Mr. Ehrmann, Deputy to Ungewitter, that Mr. Ungewitter told me that Hitler was determined to invade Poland¹ and that, in view of the assurance given by England and France to Poland, we must be prepared for an attack on our western front. There could be no doubt in my mind from the manner in which Mr. Ungewitter spoke that the attack would take place as soon as the harvest was collected, which meant some time in September. Ungewitter told me also that the Ministry of War and the Ministry of Economics had informed him that our "Kriegswichtiger," that is, the Ludwigshafen and Oppau works must be moved from the western frontier because they were too close. We feared also that they might have guns which could shoot over the 80 km. distance between our factories and the French frontier. I said at once to Mr. Ungewitter that this idea of moving the works seemed quite impossible to me. When I spoke to Dr. Ter Meer one of the next days, he told me that he was well aware of the plan and he confirmed that it was impossible to move the works and I am certain that Mr. Ungewitter has talked over those questions much more strongly with Dr. Wurster and Dr. Ambros than he did it with me, who was not responsible for the Ludwigshafen-Oppau works. It is incontestable that Mr. Ungewitter acted on behalf of the government, that means the Vier Jahres Plan, when he informed me in the beforementioned way.

G. VON SCHNITZLER.

¹ If Poland did not accept his demands.

EXHIBIT No. 35

CONFESSIONS OF KUPPER DATED JUNE 12, 1945

JUNE 12TH, 1945.

To my knowledge I. G. Farben, its directors and officers fully approved the Nazi aggression against Poland, Czechoslovakia, and France. I. G. profited considerably from these conquests.

I. G. Farben did not approve of the attack on Russia and the Hitler declaration of war against the United States because we were well aware of American power.

I. G. Farben, its directors and officers are therefore responsible and it is my belief that the Allied Powers must take adequate measures to so control Germany that these acts cannot be repeated again.

KÜPPER,
Director of I. G. Farbenindustrie A. G.

CHAPTER IV¹

EXHIBIT No. 1

INTERROGATION OF DR. KUGLER, EFFECT OF GERMAN INDUSTRIALISTS ON GERMAN FOREIGN POLICY

Q. What was the Nazi Government's foreign trade policy in its control of the relations of German industry with the rest of the world?

A. The German government aimed to weaken the military strength of the other countries and to keep the Wehrmacht supreme.

Q. How did this work out?

A. Every time the German industry and finance entered into economic relations with other countries, the German Government exercised rigid control, and at all times wanted to keep the Wehrmacht supreme vis-à-vis all other countries. German industry was used by the Nazi Government as an instrument to accomplish this purpose.

Q. Did this apply to the United States of America?

A. To all countries.

Q. What was the agency of the government which handled these matters?

A. The agency was the Reichswirtschafts Ministerium.

Q. Who were the representatives of heavy industry?

A. Mr. Zangen, head of the firm of Mannesmann-Röhren, who was also president of the Reichsgruppe Industries.

Q. And who else?

A. In the heavy industry, I don't know. Maybe Herr Vogler.

Q. Who was the director of the Wirtschaftsgruppe Chemische Industrie?

A. Mr. Ungewitter.

Q. What did the Wirtschaftsgruppe Chemische Industrie do?

A. It was the quasi-governmental body made up of industrialists which formulated economic policy for the chemical industry.

Q. Were there any I. G. representatives in this body?

A. This organization was subdivided into Fachgruppen. Mr. von Schnitzler represented I. G. in the dyestuffs group, and I was his assistant. The I. G. representative for sulphuric acid was Dr. Wurster. For buna, it was Dr. Ambros of I. G.'s Ludwigshaven Branch.

Q. The I. G. officials acted in a quasi-governmental capacity?

A. Yes. In respect to the chemical industry, I. G. officials, along with representatives of other companies, assisted the German government in determining and executing its economic and financial policy.

Q. And was the purpose of the chemical industry the same as that for the other industrialists and financiers?

A. Yes. The foremost purpose of the Nazi Government and I. G. and all other industrialists and financiers, was to keep the Wehrmacht all powerful vis-à-vis all other countries, including the U. S. A.

"I have read the record of this interrogation, and swear that the answers therein given by me to the questions of Mr. Weissbrodt and Mr. Devine, are true."

(Signature:) KUGLER.

(Position in I. G.): member.

Interrogated by:

Mr. WEISSBRODT.

Mr. DEVINE.

Witnesses:

¹ Exhibits 2, 9, 10, 13, 14, 15, and 23 are on file with the committee.

EXHIBIT No. 3

INTERROGATION OF DR. O. LOEHR ON STANDARD OIL

24 July 1945

Time: 10:45-12:00 a. m.

- Q. What is your name?
A. Oskar Loehr.
- Q. What is your position in the I. G.?
A. I was connected with the Tea Buro as its deputy.
- Q. Who is chief of the Tea Buro?
A. Dr. Struss.
- Q. Who is Dr. Struss' supervisor?
A. Dr. ter Meer.
- Q. When were you in America last?
A. Last time it was end of May 1939.
- Q. Did you go alone?
A. I went alone and met there Mr. G. L. Bard of Durand & Huguenin.
- Q. Were other I. G. officials there at the same time?
A. I don't exactly remember. It might be that Dr. Wenk of Leverkusen coming from the Far East was there at that time.
- Q. Did you go on behalf of business for I. G.?
A. Yes.
- Q. When was the Jasco agreement signed?
A. As far as I remember it was about 1930, somewhere in the second half.
- Q. Who are parties to the agreement?
A. It was between Standard Oil of New Jersey, Standard Development, and I. G.
- Q. If an oil raw material were developed by research into an intermediate or final product which was an oil product or normally marketed in the oil industry then it became part of the 4-party agreement?
A. Yes.
- Q. But if an oil raw material developed into a product not normally sold as an oil product, then it became part of the Jasco agreement?
A. Yes.
- Q. When was the four-party agreement signed?
A. In 1929.
- Q. What provisions were made in regard to products which resulted from oil raw materials but which were not normally sold by oil companies?
A. There were no specific provisions as to how to proceed. But there were provisions that the partners if they made a development should, if it were concluded that it could be profitably handled by Jasco, bring it to Jasco, and there certain provisions regarding to the procedure how it should be done.
- Q. If Jasco were made acquainted with it, how was it to be handled?
A. Certain declarations should be made regarding the advance payment of a share of net profits which was provided for in the agreement for the party who brought in the process. And there was another point, but I don't remember what it was.
- Q. Why was Jasco formed?
A. It was formed to develop a process which was still in the experimental stage to such a stage that it could be marketed. When it had reached the point where it could be marketed Jasco should either licence the process to third parties or bring it under some other form of agreement with the industries fit to handle it.
- Q. Suppose Standard Oil would develop from oil raw materials a product which was not normally sold in the oil industry, for example buna, it would under the Jasco agreement be compelled to take the buna process to Jasco for development?
A. Yes.
- Q. So that in fact the underlying consideration of the Jasco agreement was to confine Standard Oil to the oil business completely and in regard to any development which was outside the oil domain, for example synthetic rubber, that was to be a sphere of influence under the domination of I. G. Is that right?
A. It was a sphere which should come into Jasco under the 50:50 arrangement. Besides the Jasco arrangement there were still another agreement which handled fields outside the other two agreements. There a domination was provided for either I. G. or for Standard Oil, according to the nature of the development involved.
- Q. And if the development involved was an oil product exclusively, then Standard Oil would dominate by virtue of the third agreement?

A. Yes.

Q. So that in fact the reason, the gist of the agreement was to keep Standard Oil from the synthetic rubber business for example, and on the other hand to keep I. G. out of the oil business? Is that right?

A. I think that was the underlying idea for countries outside Germany.

Q. When were the synthetic rubber (buna) processes perfected in Germany?

A. That we could go on mass production? The first plant for 200 tons per month was planned late in 1935. The actual production was started in Schkopau end of 1936 or beginning of 1937.

Q. Prior to 1937 the Wehrmacht was supplied to a very great extent with natural rubber?

A. Yes.

Q. And after 1937 the Wehrmacht went on artificial rubber?

A. Only to a certain extent. Because at first a small proportion was made. It started from 1940 when the full mass production was reached.

Q. After mass production what percentage of German rubber consumption was artificial rubber?

A. I would say about 90% because certain rubber goods could not be made from synthetic rubber alone.

Q. Was it provided in the Jasco agreement by any other agreement you referred to, that the synthetic rubber process developed by I. G. would have to be turned over to Jasco or in any other way made known to Standard Oil?

A. It was not exactly provided in the agreement by words but if you take the meaning of the agreement in the sense the contracting partners meant it, it came under the agreement, as far as raw materials from the oil industries were used for the manufacture.

Q. As a matter of fact did I. G. provide Standard Oil with knowledge of the buna process developed by I. G. in 1936 and 1937?

A. No, it didn't.

Q. Why?

A. There were certain hinderances from the German authorities.

Q. What were those hinderances?

A. At that time, as far as I was told, the synthetic rubber development was brought to Jasco in the sense of the agreement somewhere in 1930 or 1931. At that time the partners made the agreement that synthetic rubber should be brought to Jasco. That was the understanding I had how this began. At that time a synthetic rubber still was in a very undeveloped stage and a few years later I. G. believed they had a product which might now be useful for a larger consumption. But at that time the German rubber manufacturers, maybe in 1932-33 showed no interest at all. At that time Standard Oil was approached whether there would be any interest to experiment with the product in the U. S., and after some discussion they recommended to make such trials in the U. S. with the General Tire and Rubber Co. We sent over a certain amount of synthetic rubber and the experiments were carried on—in 1934—but did not result in anything which might help in the further development because also the General Tire and Rubber Co. did not think much of the product. A year later the question of transferring the synthetic rubber development into the manufacturing stage in Germany was pushed by the German government agencies and at that time we did not know which process to use in the manufacturing of the rubber. In the meantime Dupont had developed their new product on a certain intermediate which might also be useful for the I. G. manufacture. At that time it appeared to us that using the Dupont agent would get more economical production, and we approached Dupont about their development. That was about October 1935. At that time discussions with Standard Oil regarding the synthetic rubber development again took place but then the Standard Oil showed no particular interest, and ter Meer explained how far things had gone in that field and what I. G. intended to do with regard to the development made by Dupont.

Q. You were in the United States at that time.

A. Yes, in 1935. At that time also out of the talks with Dupont nothing definite happened. After that visit in U. S. A., the development in Germany started, and the building of the first 200-ton plant. It became public and from that time on the synthetic rubber companies in U. S. showed interest in synthetic rubber. That was, as far as I remember, 1936-37. The interest was reported by Dr. ter Meer to the German official agencies.

Q. What was I. G.'s reply to the Goodyear and Goodrich proposals?

A. At that time I. G. said our development is not far enough to consider licenses.

Q. Was it to I. G.'s interest to have Standard Oil, insofar as it was able, control the synthetic rubber field in the U. S. A. and keep the rubber companies either out of synthetic rubber production or under the control of Standard Oil in synthetic rubber production because Standard Oil at all times by reason of the 3-party agreement was under the control of I. G. in regard to synthetic rubber?

A. I can't answer that question. That is beyond my knowledge.

Q. Would you think it would be reasonable to assume that what was just asked you was true?

A. Yes.

Q. Is it your understanding that such a plan existed?

A. You mean whether I have heard of such a plan? I remember that Mr. Howard said something about the Standard oil would be on top of the whole scheme and have the development in their hands.

Q. When was this?

A. The last time was in May 1940 when Mr. Howard was in Basle. But it might have been earlier.

Q. Did you hear the same thing from anybody else?

A. Mr. Ringer.

Q. Who was Mr. Ringer?

A. He handled all the questions regarding the Standard Oil agreement as far as oil matters were concerned. He met Mr. Howard in Holland in September 1939 and came back with certain proposals and submitted them to Dr. ter Meer and v Knieriem and at that time he also mentioned that Mr. Howard was particularly anxious about the rubber business that Standard Oil should have control of it and secure such control by having the patents assigned to Jasco.

Q. So that in 1940 Mr. Howard told the representatives of I. G. that in regard to the synthetic rubber production in the USA Standard Oil would dominate the production and Standard Oil would permit rubber companies or any other companies to enter into the synthetic rubber field only if Standard Oil were compelled to do so by the circumstances and if they did permit it, it would control them?

A. Yes, "durch Festlegung der Bedingungen", (by stipulating the terms.)

Q. If Standard Oil did what Mr. Howard said it would do, then I. G. was assured of the control of the American synthetic rubber production because of the third agreement you told us about before? Is that right?

A. Yes, it is right.

Q. I. G., from this verbal agreement with Mr. Howard or by virtue of what Mr. Howard told you in 1940 in Basle, understood the Standard Oil would keep American firms out of the synthetic rubber field so far as possible and that it would let them go into the synthetic rubber field only if they were compelled to do so by forces beyond their control. And even if Standard Oil was by such pressure compelled to admit other American companies to engage in the synthetic rubber field, it would do so only if Standard Oil could "durch Festlegung der Bedingungen"?

A. Yes. May I add one thing? I remember that Mr. Howard sent to I. G. a licensing draft with several companies in which he had laid down certain licensing conditions and also royalty rates which we—from the technical point of view—considered very high.

Q. Is there any record of these discussions with Mr. Howard in your file?

A. There was but I cannot find it at all.

Q. So that in 1940 when I. G. wrote to Standard Oil that it could not divulge its buna processes because the Wehrmacht refused to permit it, I. G. wrote that letter pursuant to an understanding with Mr. Howard that he must have some basis for refusing to turn over the buna processes to the American rubber companies? Is that right?

A. I don't know whether such a letter was written, but in 1939 a cable was sent to Howard that I. G. could not disclose the know how process.

Q. There was an understanding between I. G. and Standard Oil and Howard that such a cable would be sent so that Mr. Howard could explain to the American companies why you could not turn over the buna processes to the American companies?

A. Yes.

Q. Was it part of the arrangement with Mr. Howard that he would not press for information in regard to the buna process?

A. At that time I got that impression.

Q. Do you know that Goodyear and Dow Chemical requested a license from Jasco for the buna process?

A. I don't recall that it was requested from Jasco but they requested the license from I. G.

Q. What did I. G. say?

A. I. G. was prepared to handle the question on a basis of a large plan because the Goodyear and Dow at that time wanted to make experiments and the reasoning of I. G. that the experiments had been made in Germany already and the plan was to erect a big plant to develop enough of this material.

Q. Is it true that while the delay in divulging the buna processes to American rubber companies was taking place, Chemnyco and Jasco were in the meantime keeping I. G. well informed in regard to synthetic rubber development in the U. S.?

A. Yes.

Q. So that at all times I. G. was fully aware that of the state of the development of the American synthetic rubber industry?

A. Yes.

Q. Were you present at the Hague meeting when Mr. Howard went there in 1939?

A. No.

Q. Who was present?

A. Mr. Ringer, who was accompanied by Dr. Brown of Ludwigshafen.

Q. Did they tell you about the negotiations?

A. Yes, as far as they were on the buna part of it.

Q. Is it true that Mr. Howard told I. G. at this meeting that the developments in the U. S. had reached such a stage that it would no longer be possible for him to keep the information in regard to the buna processes from the American companies?

A. Dr. Ringer reported it.

Q. Was it at that meeting that for the first time Mr. Howard told I. G. the American rubber companies might have to be informed of the processes and he assured I. G. that Standard Oil would control the synthetic rubber industry in the U. S.? Is that right?

A. That is right. That is the knowledge I got through Mr. Ringer.

Q. So that in all these arrangements since the beginning of the development of the synthetic rubber industry the suppression of the synthetic rubber industry in the U. S. was part of a preconceived plan between I. G. on the one hand and Mr. Howard of Standard Oil on the other?

A. That is a conclusion that must be drawn from the previous facts.

I have read the record of this interrogation and swear that the answers therein given by me to the questions of Mr. Weissbrodt and Mr. Devine are true.

(Signature:) OSKAR LOEHR,
(Position in I. G. Farben:) *Deputy of the Teabüro.*

EXHIBIT No. 4

INTERROGATION OF DR. LOEHR ON SEPTEMBER 6, 1945, ON STANDARD OIL

SEPTEMBER 6, 1945.

Q. When is the first time I. G. approached an American company in regard to the development of buna or synthetic rubber?

A. 1932.

Q. What was the reason that I. G. went to America?

A. The buna rubber developed at Leverkusen could not be processed by the methods employed in processing natural rubber and also the rubber manufacturers had not been able to solve that problem. And it was suggested to submit a sample batch to American rubber companies in order to make experiments with regard to processing.

Q. Was it that the American companies could develop what the German companies could not develop?

A. Yes, it was thought that an American company might have more experience with respect to general processing problems because the experience of American companies must have been wider on account of their large production.

Q. Was there any question of financial assistance involved?

A. I don't think that there was in 1932; I don't know for certain. But there was in 1933 when an agreement was made with General Tire and Rubber Company of America.

Q. Did you request permission of the Nazi Government to reach the agreement with the General Tire and Rubber Company in 1933?

A. I don't know about that. It started in 1932, I think.

Q. In regard to the financial assistance, would you have to get permission from the Nazi Government to get financial assistance from American companies?

A. I think at that time you had to get a devisen permit, but as far as I recall the contract was made between the Jasco and General Tire and Rubber so that the question of a devisen permit for that did not arise at that time. It might have arisen when the Jasco account had to be settled, but it wouldn't have arisen when we reached an agreement with General Tire.

Q. Now when is the first time that I. G. went into mass production of buna?

A. The first large pilot plant went into operation in March 1937. But, as I could find out meantime, mass production must be considered to have started somewhat later because for a number of months the process had to be tried out and changed and from the evidence of the production records which I looked at in the meantime, I would say that mass production started some month in 1938.

Q. Would I. G. have been able to compete with natural rubber without the assistance from the Government?

A. No. It would not have been able to compete.

Q. Then I. G.'s synthetic rubber production was subsidized by the Nazi Government?

A. Not by subsidy. The German Government assisted us by levying a duty on the imports of natural rubber.

Q. In building your plants did they give you any financial assistance?

A. Yes; they gave a loan in the construction of the Schkopau plant.

Q. What were the amortization rates?

A. The loan had to be repaid in 10 years, payments to begin after the start of operations.

Q. Why did I. G. refuse to grant the license to Goodyear in 1937?

A. There are two reasons in 1937. When Goodyear approached I. G., Goodyear had made only a few laboratory experiments on our patents and the production which it had was inferior in quality. Furthermore, they had no raw material basis for a possible manufacture of synthetic rubber at that time. The second reason was that, as far as I can recall, at that time we were blocked by the Government to undertake licensing negotiations with foreign firms. Also at that time our processing of the buna may not have been completely worked out.

Q. If at the time you could not conclude an agreement with Goodyear, why did you enter into negotiations?

A. The approach came from Goodyear.

Q. Did you tell Goodyear that you could not conclude an agreement with them?

A. Dr. ter Meer told Goodyear that he could not give them a license, but I don't know whether he told them that we were blocked by the Government.

Q. In other words, you think that Goodyear was under the impression that I. G. would not give them the licenses and the know-how at that time because I. G. did not think it would be profitable?

A. Yes; but I don't know whether "profitable" is the word which would express the true meaning.

Q. What would express it?

A. I would say it was technically not feasible.

Q. The Goodyear was under the impression that it was not technically feasible and therefore I. G. refused to give them licenses and the know-how?

A. I would say so.

Q. But, in fact, I. G. according to you, would not have given them the know-how even if it were technically feasible?

A. Irrespective of whether or not it was feasible and profitable for us to license the Goodyear and give them the know-how, we would not have done it because the Wehrmacht forbade us to and we did not tell Goodyear of that.

Q. When Goodyear asked you for a license in 1938, did you refuse.

A. Goodyear asked us for a license in 1938 twice—in the spring when they thought they had a raw material supply and we postponed a decision until autumn because at that time we couldn't move.

Q. Why couldn't you move?

A. Because still the prohibition of the Wehrmacht stood. And in autumn the license was declined, but it was pointed out that when the marketability of buna-s had been established the rubber firms would have an opportunity to discuss with Standard Oil and I. G. the participation in their eventual manufacture.

Q. But, as a matter of fact, would it have been possible to make marketable buna in competition with natural rubber without assistance from the Government in the United States?

A. The answer to that question depends upon the price level which natural rubber would have.

Q. Were you able to compete with natural rubber in Germany without assistance from the Government?

A. No, not in Germany.

Q. Then are you saying that the United States Government would have had to take similar measures as the German Government did in regard to raising the duty on the import of natural rubber in order to make the production of artificial rubber profitable?

A. No, because the ratio of cost of synthetic rubber to price of natural rubber was much more favorable in the United States than in Germany.

Q. Why?

A. Because raw materials in the United States were less expensive than in Germany.

Q. Then conditions making profitable artificial rubber in America were more favorable than in Germany?

A. At that time, yes.

Q. When wasn't it?

A. In 1938 when we examined the question.

Q. I don't understand.

A. In 1938 we made those calculations what synthetic rubber would probably cost the United States and the ratio between the cost price of synthetic rubber and the selling price of natural rubber was, or looked, more favorable than it was in Germany because the raw material basis butadiene was calculated to be cheaper than in Germany. Later on in Germany improvements had been made so that the ratio might have changed.

Q. The ratio had nothing to do with the cost of materials. If we had the process in the United States the same ratio in respect to the cost of natural rubber would have existed, isn't that right? That is, it would have been cheaper in the United States?

A. It is right as far as 1938 was concerned. I can't tell about later on.

Q. In 1939 did the cost of the raw materials become cheaper in Germany than they were in the United States?

A. I can't tell you without referring to the cost files.

Q. When was the first time you received official notification from the Nazi Government that you could not give your know-how to American companies?

A. I was notified through Dr. ter Meer, probably end of 1936 or early 1937.

Q. Was that notification in writing?

A. I don't know.

Q. Is it in your files?

A. No.

Q. What did ter Meer tell you?

A. The gist was that we could no longer move with licenses abroad without having a special permit for doing so.

Q. Did you inform Mr. Howard of Standard Oil of that prohibition?

A. As far as I can recall, Dr. ter Meer did.

Q. When?

A. Probably in 1937. It was done by Dr. ter Meer himself at a meeting he had with Mr. Howard.

Q. When is the first time you received notification from the Nazi Government that you could begin license negotiations with American firms?

A. That must have been late in summer 1938.

Q. Then, when you were conducting licensing negotiations with Goodyear in 1937 you were doing that without the consent of the Nazi Government?

A. Well, I said I wasn't sure when that ban was imposed upon us.

Q. Which ban?

A. That we could not conduct licensing negotiations. I think I said in the preceding answer that the second reason was that we could not give licenses but that I wasn't sure about the date whether that was in force then.

Q. Well, if it wasn't in force in 1935.

A. In 1935 it certainly was not.

Q. So then you think that the restriction on your conducting licensing negotiations with American firms came after the Goodyear negotiations?

A. I am not sure whether it was before or after.

Q. Would you have conducted licensing negotiations after they were prohibited?

A. I don't think we conducted licensing negotiations in that sense. We listened to what Goodyear had to say, and then said it could not be done. As far as I remember, there was no discussion about terms or anything else.

Q. Then you just learned about Goodyear developments and didn't give out any information?

A. Yes, yes we gave out information of ours as far as we were able to do so, and later on with the permission of the Government Goodyear received samples of our Buna-S and perbunan.

Q. Would you call the negotiations with Goodyear licensing negotiations in 1937?

A. No. Not license negotiations proper, because no terms or anything else were discussed.

Q. Didn't you ask permission of the Nazi Government to speak to the Goodyear people?

A. As far as I remember, we asked permission to receive Mr. Sebrell at Leverkusen.

Q. Was that permission granted?

A. Yes.

Q. Were there any restrictions imposed upon you?

A. As far as I can recall, but I am not sure, we were not allowed to show him the plant proper where Buna was made at the time.

Q. Didn't you show it to him?

A. No.

Q. When is the first time you received permission from the Wehrmacht to start licensing negotiations?

A. In summer 1938.

Q. Who handled the negotiations with the Wehrmacht and with the Ministry of Economics?

A. ter Meer.

Q. What was the nature of ter Meer's negotiations with the Wehrmacht and with the Ministry of Economics?

A. Dr. ter Meer submitted to them that the time had come to start licensing foreign rights on buna; that interest for buna and the development had now come so far in foreign countries, particularly in the United States, that manufacture might start irrespective of whether or not we gave licenses on our patents and it might even occur that compulsory licenses on our patents were imposed.

Q. Where did you first get that knowledge and from whom?

A. Which knowledge?

Q. That compulsory licensing might take place and that United States companies were reaching a stage where they might develop the production without I. G.'s know-how.

A. Compulsory licensing was provided for in the patent laws of all continental countries, but as far as I know it was not provided for in the patent laws of the United States. But the reasoning that time was that even in an important case the United States might resort to compulsory licenses.

Q. On what was this based?

A. It was based on the general trend that every state was endeavoring to establish important production within its boundaries.

Q. What indication did you have that the United States was endeavoring to establish important production within its boundaries?

A. The reasoning came from the general trend. The reasoning wasn't based on specific information.

Q. Did you receive any specific information from the United States?

A. No.

Q. Did you receive any information in regard to the progress American companies had made?

A. We had known from Goodyear's visit what they were making and their publications that the production of the raw materials for synthetic rubber was being worked on by Dr. Egloff of Universal Oil.

Q. Who did you receive that information from?

A. Through the periodicals.

Q. Did you get any information from Chemnyco?

A. As far as I remember, they informed us about the developments with Goodyear.

Q. Have you got a copy of the permit that the Ministry of Economics gave you authorizing you to conduct license negotiations?

A. I have none in my files.

- Q. Did you read it?
- A. Yes, I did.
- Q. Tell us what it said to the best of your knowledge.
- A. It said that I. G. was now authorized to start licensing negotiations with regard to its foreign patents on buna excepting the countries Russia, Czechoslovakia, and Lithuania. It added that before any agreement was concluded the matter had to be again submitted to the Reichswirtschaftsministerium.
- Q. So that at all times between the period of the prohibition of the Wehrmacht and the permit authorizing you to engage in licensing negotiations you were conducting negotiations with American companies with full knowledge that you would not divulge the information to the American companies. Is that it?
- A. Well, we conducted only one negotiation with Goodyear in April 1937 and, as far as I remember, no other negotiations.
- Q. Well, in regard to that negotiation you were not going to give them the know-how and Goodyear was never informed of the prohibition?
- A. That is right.
- Q. And, as a matter of fact when you conducted negotiations after 1938, after the permit had been given, you still could not give the know-how without the consent of the Wehrmacht?
- A. So I understood it.
- Q. Up to the outbreak of the war had tests in the United States proved successful to the extent that I. G. would have licensed American companies and given them the know-how in Buna?
- A. No. I. G. had started to familiarize American companies with the processing technique of its Buna S and had sent over a rubber expert of Leverkusen to give them the information necessary for processing sample batches of Buna S. The first sample served to make the rubber companies familiar with the general technique of processing, but later in the year tires and tire treads were to be made from imported Buna S and these tires were to be tested in extensive road tests. These road tests had not yet taken place before the outbreak of the European war and for this reason, the tests had not yet been finished and it was not proven that they would be successful. Therefore, I. G. would not have given them the license or the know-how.
- Q. Did Standard Oil ever ask I. G. for the know-how in regard to Buna S?
- A. I believe that they asked for the know-how in Buna S in September 1939, when Mr. Howard asked for the know-how in Buna without naming the brand.
- Q. Up to that time had Mr. Howard asked for the know-how in regard to Buna S?
- A. I don't remember any such request. Before 1939 they asked for the know-how in Perbunan but not for Buna S.
- Q. Is Buna S used for tires?
- A. Yes.
- Q. Did I. G. refuse to give Mr. Howard the know-how for Buna when he asked for the know-how in regard to Buna whereby you thought he meant Buna S?
- A. It was refused.
- Q. Have you got a copy of the memorandum which Dr. ter Meer drew up for the Ministry of Economics in 1938?
- A. No.
- Q. Was it destroyed?
- A. No.
- Q. Where is it?
- A. I can't tell you.
- Q. When did you send a cable to Standard Oil saying that you couldn't give them the know-how?
- A. It must have been in October 1939.
- Q. Did you send that cable pursuant to Howard's request?
- A. Yes; it was sent pursuant to Howard's request.
- Q. What reason did you give in the cable for the refusal to assign the know-how?
- A. There was no reason given. It was just stated that I. G. was not in a position to give the know-how.
- Q. Why wasn't I. G. in a position to give the know-how?
- A. I. G. could not give the know-how because it would not have obtained the permit of the authorities.
- Q. Did I. G. try to obtain the approval of the authorities?
- A. The matter was discussed by ter Meer and Buetevisch with General Thomas and when they returned they said the patents can be assigned but the know-how could not be given.

Q. Did you ask permission of General Thomas to give the know-how?

A. I was not present at that discussion. It was summarized in a letter. The copies of the letter were in the file of copies of the Standard Oil agreements together with all the cables.

Q. Did ter Meer request permission of General Thomas to give the know-how to American companies?

A. I can't say.

Q. What do you think?

A. I think he started on the assumption that no such permission would be given.

Q. Would I. G. have given an American company the know-how in Buna S in September 1939 if the permission of the Wehrmacht was not necessary?

A. No; because at that time the tests had not yet been finished which would prove them successful.

Q. Then why did I. G. have to discuss the matter with General Thomas at that time in order to get his permission to give the know-how?

A. The dealings with Standard Oil had to be discussed with General Thomas at any rate not only on Buna but on oil matters. If the assignment of patents had to be submitted to the authorities, the first question will be will the know-how be transferred or not and that is why those two questions were linked together.

Q. Did Mr. Howard in September 1939 realize that I. G. would not have given the know-how even if the Wehrmacht were not involved?

A. I don't know whether he realized it or not.

Q. Did he realize it in 1940 after the meeting in Basle?

A. At that meeting it was only said that it couldn't be done; no reason was given.

Q. Did Mr. Howard realize that marketable conditions had not been reached yet in regard to Buna in the United States?

A. I don't know; that subject was not mentioned.

Q. Then in all your discussions with Mr. Howard, you never discussed whether your product was marketable?

A. There was only one after 1939 in Basle, Mr. Howard at that time was anxious about patent assignments and then about certain patent difficulties which had arisen in the United States and in regard to the buna know-how question; the meeting at Basle was very short.

Q. Who handled the negotiations with the American Rubber Co. on behalf of I. G. Farben?

A. Dr. Hochschwender of Chemnyco.

Q. Who was Dr. Hochschwender?

A. He was an official of Chemnyco. Of course he was not entitled to make any commitments.

Q. Do you recall reading any correspondence between Chemnyco and I. G.?

A. I recall correspondence regarding the visit of Dr. Koch in United States in the spring of 1939.

Q. What was that correspondence about?

A. The correspondence related to experiments with Goodyear whether Good-year could have Buna or not and then I recall that Dr. Beller gave some report on experiments with Buna to Leverkusen.

Q. Was Chemnyco supposed to conduct industrial espionage for I. G.?

A. No, that was not the purpose of Chemnyco.

Q. Did Chemnyco conduct industrial espionage for I. G.?

A. Yes.

Q. The position that the authorities prohibited I. G. from giving American companies the buna know-how was an excuse and I. G. itself would not give the American companies the know-how and Standard was completely aware of that.

A. That is right. We wouldn't have done it because the time was not ripe for us to give the know-how to the American companies and Standard Oil was informed of that.

(Signature) OSKAR LOEHR,
(Position in I. G.)

Witnesses:

Interrogated by:

Mr. WEISSBRODT.

Mr. DEVINE.

EXHIBIT No. 5

INTERROGATION OF VON SCHNITZLER ON STANDARD OIL

26 July 1945.

Thursday—10:00 A. M.

Q. In 1939 or 1940, were you present at a meeting in Basle attended by officials of Standard Oil including Mr. Howard and officials of I. G.?

A. Yes.

Q. Was it your impression that from the remarks of Mr. Howard at that meeting that Standard Oil did not intend to develop the synthetic rubber industry in the United States?

A. My impression at the time was that Standard Oil did not intend to develop the synthetic rubber industry in the United States.

Q. Is it not true that chemists of Standard Oil had spent months in the factories of I. G. and were fully familiar with the synthetic rubber process developed by I. G.?

A. The chemists of Standard Oil were frequently there and sometimes for months and as they were talking over all problems falling under the Jasco agreement I cannot imagine them being at Ludwigshaven without having talked over the rubber matters just as well, with Dr. Ambros and Dr. Reppe and the other men.

Q. Yesterday, you told us that you were certain that Standard Oil was fully familiar with the Buna process developed by I. G. Are you still of that same opinion?

A. My opinion is that Standard Oil was familiar with the synthetic rubber process developed by I. G.

I have read the record of this interrogation, and swear that the answers therein given by me to the questions of Mr. Weissbrodt and Mr. Devine are true.

(Signature) G. v. SCHNITZLER.

(Position in the I. G. Farben) _____.

Interrogated by:

Mr. ABE WEISSBRODT.

Mr. NEIL DEVINE.

(Witness) _____.

(Witness) _____.

25 July 1945.

3:00 to 4:00 P. M.

INTERROGATION OF GEORG VON SCHNITZLER

Q. I want to review the rubber story with you again this afternoon. In approximately 1930, I. G. and Standard Oil entered into an agreement and formed a company called the Jasco Company. Is that right?

A. It must have been in 1929 or 1930.

Q. Are you familiar with the agreements reached in forming the Jasco Company?

A. I have never seen anything regarding this agreement.

Q. But you are familiar with the underlying considerations?

A. Yes.

Q. Now I. G. sought to arrive at some agreement with Standard Oil regarding the Standard Oil's participation in the synthetic rubber field?

A. Yes.

Q. Standard Oil was very anxious to get the oil processes developed by I. G., and was anxious to come to some agreement with I. G., regarding I. G.'s interest in the oil field?

A. That is right.

Q. Now, I. G. and Standard Oil had many agreements and many dealings regarding the oil industry as a whole?

A. We were always aware of the fact that oil companies could become the most dangerous competitors to the chemical industry in general, because it was to be foreseen that from oil derivatives one could extend themselves over the entire field of synthetic production of Aliphatics.

Q. Then I. G. in entering into the Jasco Company agreement wanted to restrict Standard Oil to the oil business, to the typical oil business and to keep Standard Oil out of the chemical industry including such products as plastics, synthetic rubber, resins, et cetera?

A. That is my view of the whole situation.

Q. Now, under the Jasco arrangement, all patents developed by I. G. in the oil field were to be turned over to Jasco, and on the other hand all developments by Standard Oil in the chemical field were to be turned over to Jasco?

A. Yes. That is so.

Q. And it was understood that Standard Oil would dominate the oil processes and I. G. would dominate the chemical processes?

A. As far as there were new developments; yes.

Q. Now, to your knowledge, was it the intention of I. G. and Standard Oil, within the purview of the Jasco agreement that I. G. should turn over the synthetic rubber developments to Jasco?

A. I don't know.

Q. Now, I. G. intended that if synthetic rubber was to be developed in the United States, it should be developed by and it was to the interest of I. G. that it be developed under the control of the Standard Oil Company; is that right?

A. If it should be developed under the Standard Oil Company, it would be all right from the beginning.

Q. And if synthetic rubber production in the United States was under the control of the Standard Oil Company directly, then it would be actually under the control of I. G. because under the provisions of the Jasco agreement, I. G. was to dominate the synthetic rubber field. Would that be the result of the Jasco agreement?

A. I think that would be the result.

Q. And I. G. and Standard Oil were partners in this arrangement; is that right?

A. Yes.

Q. From 1930 to 1935, during those years, I. G. itself had not developed the synthetic rubber industry to any great extent; is that right?

A. That is right.

Q. And it was in the interests of I. G. to have American firms experimenting with the production of synthetic rubber under license from the I. G.?

A. That is right. I think in 1933, for the first time in the autumn, to the best of my recollection, when we were to discuss more or less different types of questions along this line, and some other questions, we were shown for the first time a large round cake of neoprene which was ready to be marketed and from the discussions, we saw how strong Dupont was getting in that field. Of course, neoprene had quite a lot of starting points. It was a chlorene derivative.

Q. Did the negotiations in 1933 for experiments in synthetic rubber production under I. G. license come to any fruit?

A. No; ter Meer visited the American rubber companies. I think Firestone and Goodyear were asked as to how far they were interested in the product, which seemed to be better than the natural-oil product. But there were no results.

Q. Was Standard Oil itself interested in entering the synthetic rubber field?

A. I have not had that impression.

Q. Your impression was that Standard Oil did not want to enter the synthetic rubber picture, and that in agreeing with I. G. to suppress the synthetic rubber production in the United States or to keep it under Standard Oil's domination and thus, I. G.'s domination, Standard Oil was performing a service to its partner, I. G.; is that right?

A. I should say that is right, but it is only my opinion.

Q. When did I. G. begin to develop synthetic rubber in mass production?

A. Beginning about 1936, I should say.

I have read the record of this interrogation and swear that the answers therein given by me to the questions of Mr. Weissbrodt and Mr. Devine are true.

G. V. SCHNITZLER.

EXHIBIT No. 6

INTERROGATION OF DR. LOEHR ON STANDARD OIL.

26 July 1945.

Thursday A. M.

Q. When was the first time Mr. Howard of Standard Oil requested full details of the synthetic rubber developments by I. G.?

A. As far as I remember, Mr. Howard's chemists requested details in New York in October 1938. Mr. Howard up to that time did not request this information.

Q. Did you comply with the requests of the chemists?

A. No.

Q. But in 1938, you received full information of the Standard Oil Butyl processes?

A. Yes.

Q. So that Standard Oil was living up to the Jasco Agreement when it provided I. G. with information on the Butyl process, but I. G. was violating the Jasco Agreement when it refused to divulge the Buna process to the Standard Oil Chemists?

A. Yes.

Q. You told us before that all technical information in regard to Buna involving third parties passed through your hands?

A. As far as the United States is concerned, or at least I should have been informed, because that was the order of Dr. ter Meer.

Q. When was the first time you turned over the Buna process to the American company?

A. As far as I remember, we never did. By process, I mean, detailed information as to its manufacture.

A. And in general, you had always kept Mr. Howard informed of developments?

A. Yes.

Q. Mr. Howard never requested the full details until 1939 at the Hague Conference?

A. Yes.

Q. Did I. G. inform Mr. Howard of the Buna processes when he requested the information at the Hague?

A. No; we did not.

Q. Did you agree to inform him?

A. No; we did not.

Q. Did the Hague Agreement provide that Buna would be placed within the Jasco Agreement?

A. Yes; it did. But Buna was already within the Jasco Agreement.

Q. And that Jasco would have exclusive rights to its processes in the United States?

A. Yes.

Q. Then, was it not agreed at the Hague Conference that I. G. would provide Mr. Howard with full details of the Buna process?

A. Mr. Howard requested it, and it was refused.

Q. And yet you said that the Hague Agreement provided that Jasco have exclusive rights to the Buna process?

A. Yes.

Q. Then why did you say it was refused?

A. As to the patent process information, it was refused. It was agreed as to the assignment of the patents, but divulging the information was refused.

Q. What good was the patent without the know how?

A. Well, the patent opened the way to make and use the product.

Q. How did they make the product if they did not have the know how?

A. They could develop it themselves.

Q. So, what you are saying is that you assigned a patent to Standard Oil in order to protect your rights to the patent in the United States, but that you never divulged the know how which would have made the patents of use to the Standard Oil Company, is that right?

A. Yes.

Q. So, I. G. was able to suppress completely the synthetic rubber production in the United States, was able to use an American company, Standard Oil, to protect I. G.'s patents in the case of war between The United States and Germany, and in that way I. G. itself undermined the military potential of the United States, and I. G. itself was able to carry on industrial espionage in the United States using its representatives, its participations and its agreements with American firms, to carry on economic warfare against the United States. Is that right?

A. These are the conclusions which seem to disclose that I. G. impaired the military strength of the United States. Yes.

"I have read the record of this interrogation, and swear that the answers therein given by me to the questions of Mr. Weissbrodt and Mr. Devine, are true."

(Signature:) OSKAR LOEHR.

(Position in the I. G. Farben Co. :) DEPUTY OF THE _____.

Interrogated by:

ABE WEISSBRODT.

NEIL DEVINE.

Witnesses:

EXHIBIT No. 7

MEMORANDUM FROM DR. GOLDBERG TO DR. VON KNIERIEM DATED MAY 30, 1944,
ON PROCESSES OBTAINED FROM STANDARD OIL

JULY 10, 1945.

In an article entitled "American Business and Standard Oil's Blueprint for World Trade," which appeared in the *Petroleum Times* for December 25, 1943, Mr. R. T. Haslam of Standard Oil Company of New Jersey defended the Agreement which Standard Oil had negotiated with I. G. Farbenindustrie. He stated that the "secrets brought to America from Germany fifteen years ago by American scientists have been turned into mighty weapons against Germany."

Among the I. G. Farben files which had been evacuated from Division I at Ludwigshafen to Heidelberg, records have been discovered indicating that this article was the subject of considerable study by I. G. Farben scientists. There are three folders containing comments on the Haslam article and investigating the various claims which he made in that article. On May 30, 1944 these studies were summarized in a memorandum which was forwarded by Dr. Goldberg to Dr. von Knieriem, Chief Counsel in charge of legal and patent questions in Ludwigshafen and member of the Central Committee of I. G.'s Board of Managing Directors.

This summary was found in one of the three folders. All these folders were marked "to be destroyed," but they somehow escaped destruction.

In this studied and technical answer to the Haslam article it is set forth that I. G. Farben gained from America information far more important to Germany's war effort, through the medium of the Agreement with Standard Oil of New Jersey, than Standard Oil was able to obtain for the American war effort from Germany. This conclusion is reached after a detailed analysis of the development of four technical fields which Mr. Haslam has referred to as the "miracles" which Standard Oil received from I. G. Farben; namely, Iso-octane, Toluol, Oppanol and Buna.

The I. G. article goes on to describe the "many valuable contributions" which were received "as a consequence of our contracts with the Americans * * * above and beyond the Agreement * * * which just now during the war are useful to us"; namely, lead-tetraethyl; polymerization; de-waxing and de-asphaltization of lubricating oils, and Paraflow; and finally assistance in purchasing a large reserve stock of aviation gasoline and aviation lubricating oil, which I. G. obtained "on the basis of its friendly relations with Standard Oil", but acting in fact as "trustee to the German government".

Attached is a full translation of this summary. The three folders of documents are held in the 7th Army Document Center at Heidelberg. A microfilm of the entire contents of the three folders has been transmitted to FEA, Washington for the External Security Coordinating Committee, together with a carbon copy of the German document.

The folders were discovered in June 1945 by Aaron L. Tietelbaum and Eric L. Meyer, U. S. Army members of a CIOS Field Investigating Team.

DISTRIBUTION

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I. G. FARBENINDUSTRIE AKTIENGESELLSCHAFT

LUDWIGSHAFEN A. RH.

DIVISION I

To: Director Dr. von Knieriem.

MAY 30, 1944.

DEAR HERR DOKTOR:

May I submit to you in the attachment a revised version of the comments on Professor Haslam's article, which incorporates the results of further investigations. I should like to observe that the views of Dr. Pier and Dr. Zorn have been incorporated.

GOLDBERG.

OPPAU, May 30, 1944.

Division I.

COMMENTS ON PROFESSOR HASLAM'S ARTICLE IN THE PETROLEUM TIMES OF
12/25/1943

Standard Oil has been repeatedly and violently attacked in America because the cooperation between Standard Oil and I. G. Farbenindustrie A. G. allegedly worked out disadvantageously for America. The *Petroleum Times* published detailed articles on February 18 and May 16, 1942, in which Mr. Farish, President of Standard Oil, defends himself against such attacks levelled against Standard Oil. One realises on reading the above-mentioned article by Professor Haslam, that it is nothing more than another defense of Standard against the accusation that America had come off worst as a result of the cooperation between Standard Oil and I. G. Farbenindustrie A. G.

The cooperation between I. G. and Standard, initiated in 1927 and extended in 1929, was laid down in extensive agreements resulting from negotiations over a number of years. The closing of an Agreement with Standard was necessary for technical, commercial, and financial reasons: *technically*, because the specialized experience which was available only in a large-scale oil industry was necessary to the further development of our process, and no such industry existed in Germany; *commercially*, because in the absence of State economic control in Germany at that time, I. G. had to avoid a competitive struggle with the great oil powers, who always sold the best gasoline at the lowest price in contested markets; *financially*, because I. G., which had already spent extraordinarily large sums for the development of the process, had to seek financial relief in order to be able to continue development in other new technical fields, such as Buna.

The Haslam article now declares that the Americans received processes from I. G. which were vitally important for the conduct of war, and every reader of the article will ask if this is true, and if so if I. G. on its side has acquired correspondingly important war information from the Americans. The following explanations deal particularly with the latter question.

Mr. Haslam mentions the following principal products: Iso-octane, Toluol, Oppanol-Paratone, and Buna. The following observations may be made on each of these:

Iso-octane.—Professor Haslam's mention of aviation gasoline refers to Iso-octane. By reason of their decades of work on motor fuels, the Americans were ahead of us in their knowledge of the quality requirements that are called for by the different uses of motor fuels. In particular, they had developed, at great expense, a large number of methods of testing gasoline for different uses. On the basis of their experiments they had recognized the good antiknock quality of Iso-octane long before they had any knowledge of our hydrogenation process. This is proved by the single fact that in America fuels are graded in octane numbers, and Iso-octane was entered as the best fuel with the number 100. All this knowledge naturally became ours as a result of the Agreement, which saved us much effort and protected us against many errors.

The next step was to utilize Iso-octane as a motor fuel because of its good qualities and to search for suitable production processes; this was soon achieved in America. Through polymerization of the iso-butylene contained in cracked gases, di-isobutylene was produced and changed into Iso-octane through hydrogenation. Hydrogenation was at first carried out at low or only slightly increased pressure. It became clear that for this type of hydrogenation the catalytic pressure hydrogenation developed by us could also be used successfully. Both processes were used simultaneously. After plants were operating in America, they were also introduced, in the years just before the war, in several other countries, as, for instance, Rumania and Russia (2nd stage: low-pressure hydrogenation), Holland, Iran, and Venezuela (high pressure by hydrogenation). Therefore the statement by Mr. Haslam that the production of Iso-octane became known in America only through the hydrogenation process, is not correct.

Mr. Haslam further declares that the German aircraft industry, in contrast to the American and English, could not have changed over to the use of Iso-octane. From this the conclusion might be drawn that either we did not know the process for Iso-octane production, or that we could not produce it for other reasons, for instance, because of lack of raw materials. However, both reasons are wrong. Obviously our raw materials situation is different from that in America. They could draw on extensive sources of raw material, which were at their disposal in the largely unsaturated, butane fractions of natural gases, and the refineries and cracking plants of their petroleum industry. Since our fuel industry depends essentially on coal, these gases are not at first at our disposal in sufficient quantities.

For that reason we used other methods to produce Iso-octane and chose to proceed by way of isobutyl alcohol which is produced from carbon monoxide and hydrogen, that is to say, on a pure coal basis. Apparently this fact is unknown to the Americans. At any rate, we maintained the strictest secrecy in all negotiations about the fact that we produce Iso-octane on an industrial scale. When in the process of expanding our hydrogenation plants, we came to have sufficient butane containing gases at our disposal, these had still to undergo dehydrogenation prior to polymerization. Only then were we in a position to change the unsaturated gases into Iso-octane, in the same way that is used in America. This dehydrogenation process has been developed by us.

Especially in the case of Iso-octane, it is shown that we owe much to the Americans because in our own work we could draw widely on American information on the behavior of fuels in motors. Moreover, we were also kept currently informed by the Americans on the progress of their production process and its further development.

Shortly before the war a new method for the production of Iso-octane was found in America: alkylation with isomerization as a preliminary step. This process, which Mr. Haslam does not mention at all, originates in fact entirely with the Americans and has become known to us in detail in its separate stages through our Agreements with them, and is being used very extensively by us.

As a result of the quite different raw materials situation, we have occupied ourselves with aviation fuels with an Iso-octane base but particularly intensively with high performance fuels containing aromatics and with their production. We succeeded in producing high-performance fuels of 100-octane rating, in which aromatics are substituted for a large proportion of Iso-octane. In its basic features, the production of aromatic gasoline through hydrogenation was known at an early stage. The newer development, the new aromatization-catalysts, the development of the DHD process supplementary to hydrogenation, which will be discussed in detail under (2) Toluol, were, however, carried out as military developments without anything about them becoming known abroad.

In summary, it can thus be said concerning the production of aviation fuels, that we had to use methods which differed in principle from those of the Americans. The Americans have crude oil at their disposal and naturally rely on the products that are created in the processing of crude oil. In Germany, we start out on a coal basis and from there proceeded to utilize the hydrogenation of coal for the production of aviation fuel. As mentioned above, however, specialized information was not turned over to the Americans. Therefore, in contrast to Professor Haslam's assertions, hydrogenation proper was used in Germany, though not in America, for the production of aviation fuels. Beyond that it must be noted that particularly in the case of the production of aviation gasoline on an Iso-octane basis, hardly anything was given to the Americans, while we gained a lot.

2. *Toluol*.—In the case of Toluol, the facts are somewhat different insofar as it is a known fact that the process of hydrogenation through which aromatics are produced (and among those Toluol) originates with I. G. The production of aromatics through hydrogenation, the so-called aromatization, was technically carried out here as well as in the U. S. A. As a result of the poor yield, the process in its original form was suitable only for valuable specialized products. For instance, solvents were manufactured through aromatization in America.

It has been known since the first World War, before the development of the above-mentioned aromatization process, that it is quite generally possible to extract the individual aromatics from aromatic benzines. Meantime, the extraction processes, particularly the internationally known Edeleanu process, have been considerably improved. These extraction processes were at the disposal of the Americans and us, for the isolation of Toluol.

In Germany, then, the I. G. technically so improved the aromatization through the discovery of new catalysts, that the production of aromatic fuels became possible on a large scale. The Americans learned nothing from us about this. Immediately after the outbreak of war, I. G. suggested isolating Toluol from the aromatic mixtures. The fact that this suggestion was not followed was due principally to raw material considerations. In particular, it was desired to utilize hydrogenation at first only for the production of fuels and not to draw off certain quantities of hydrogenation products for the manufacture of Toluol, especially as other suitable sources for Toluol were at our disposal (low-temperature distillation of bituminous coal, synthesis from benzine and methanol). Moreover it was of decisive importance that the manufacture of high-pressure vessels necessary in hydrogenation caused for a long time quite a bottleneck in German production circles. For some time, however, Toluol has been produced in Germany also by way of hydrogenation.

In this, however, the above-mentioned aromatization, developed by us, is not being used any more, but instead the so-called DHD process, a benzine-dehydrogenating process which was discovered and technically developed by us in a similar way to the hydro-forming process which was developed in America and became known to us from there. The fact that we operate on a large scale by this process is unknown to the Americans, so far as we know. With the Americans, as far as we know, the hydro-forming process—in which petroleum-gasoline is treated under heat and low pressure in the presence of hydrogen over a regenerable catalyst—furnishes the raw material for Toluol production. In other words, actual hydrogenation is not employed for the creation of Toluol. Besides, a number of other processes are at the disposition of the Americans, as for instance the isomerization process of Heptan, and catalytic cracking of certain crude oil fractions, for instance, the Houdry process. The Americans have used this last process in Italy especially, as far as we know.

Therefore, when Mr. Haslam, in connection with Toluol, talks of a "miracle" which has fallen to the Americans through the hydrogenation process, his statement is not correct; for Toluol, as can be seen from the above, can be produced without hydrogenation and is in any case not produced by hydrogenation in America.

3. *Oppanol*.—In the case of Oppanol, Mr. Haslam's statement is incomplete. When we gave Mr. Howard an Oppanol specimen in 1932, we had already recognized its effect with regard to the improvement of lubricating oils. It now became apparent, however, that the flattening of the viscosity curve was an intensively investigated problem for the Americans, to which a solution was reached through our Oppanol. Its introduction into practical use was pushed ahead very quickly by the Americans, thanks to their large-scale operations, so that we also reached clear results regarding the applicability of Oppanol to the improvement of oil considerably more quickly than could have been done without the Americans.

The statement by Mr. Haslam about the Russian campaign, which is supposed to show that we had no Oppanol in our possession, in contrast to the Russians, is incorrect. On the contrary, immediately after the discovery of Oppanol we worked in very close cooperation with the Army Ordnance Branch. Out of this was developed first of all the Oppanol containing Army motor oil, in fact in the year 1936. Even today up to 0.7% Oppanol is added to our Army motor oil. It is evident here too, that the Americans were not properly informed about the development here, which is explained by the fact that we left them in ignorance of the fact that, using coal as a base, we ourselves produce the raw materials for Oppanol production.

4. *Buna*.—The conditions in the Buna field are such that we never gave technical information to the Americans, nor did technical cooperation in the Buna field take place. On the basis of the contractual Agreements, the Americans had only the right to reach a technical cooperation with I. G. at some undetermined date. Even the agreement reached in September 1939 and mentioned by Mr. Haslam did not give the Americans any technical information, but only that which was contractually their due, i. e., share in the patent possession. Moreover, at that time a different division of the patent possession was decided upon, which seemed to be in the interest of both partners. The Americans did not at that time receive anything important to war economy, besides, they could have procured the patents without our Agreements in wartime, for during war a State will never be kept from production by enemy patents.

* * * * *

A further fact must be taken into account, which for obvious reasons did not appear in Haslam's article. As a consequence of our contracts with the Americans we received from them above and beyond the Agreement many very valuable contributions for the synthesis and improvement of motor fuels and lubricating oils, which just now during the war are most useful to us, and we also received other advantages from them.

Primarily, the following may be mentioned:

(1) Above all, improvement of fuels through the addition of *lead-tetraethyl* and the manufacture of this product. It need not be especially mentioned that without lead-tetraethyl the present method of warfare would be unthinkable. The fact that since the beginning of the war we could produce lead-tetraethyl is entirely due to the circumstances that shortly before the Americans had presented us with the production plants complete with experimental knowledge. Thus the difficult work of development (one need only recall the poisonous property of lead-tetraethyl, which caused many deaths in the U. S. A.) was spared us, since we could take up the manufacture of this product together with all the experience that the Americans had gathered over long years.

It was, moreover, the first time that the Americans decided to give a license on this process in a foreign country (besides communication of unprotected secret experimental knowledge) and this only on our urgent requests to Standard Oil to fulfil our wish. Contractually we could not demand it, and we found out later that the War Department in Washington gave its permission only after long deliberation.

(2) Conversion of low-molecular unsaturates into usable gasoline (*polymerization*). Much work in this field has been done here as well as in America. But the Americans were the first to carry the process through on a large scale, which suggested to us also to develop the process on a large technical scale. But above and beyond that, plants built by the Americans according to their processes are functioning in Germany.

(3) In the field of *lubricating oils* as well Germany, through the contract with America, learned of experiences that are extraordinarily important for present-day warfare. One may recall the improvement of lubricating oils through dewaxing and deasphaltization by means of propane, for which we first received from America the experience necessary for large-scale application. We further received information about the pour-point reducing agents, such as Parafflow. Here it is apparent how advantageously the Agreement with America turned out for Germany, when one considers that the product was found in Germany, while its important application as pour-point reducer was first discovered by the Americans. Finally, it should be mentioned that our knowledge of certain materials which prevent the oxidation of unsaturated parts of motor fuels and oils, as well as sludge formation and piston ring sticking, is of American origin. Altogether we were quite thoroughly informed on a large scale of the behavior of lubricating oils in auto and aircraft motors, and thereby it became possible for us to develop our synthetic lubricating materials immediately according to practical standards, so that at the beginning of the war we were technically completely prepared. In this connection we obtained not only the experiences of Standard, but through Standard the experiences of General Motors and other large American motor companies as well.

(4) As a further remarkable example of the advantageous effect for us of the contract between I. G. and Standard Oil, the following should be mentioned: in the years 1934/1935 our Government had the greatest interest in gathering from abroad a stock of especially valuable petroleum products (in particular aviation gasoline and aviation lubricating oil), and holding it in reserve to an amount approximately equal to 20 million dollars at market value. The German government asked I. G. if it were not possible, on the basis of its friendly relations with Standard Oil, to buy this amount as I. G.—actually, however, as trustee of the German Government.

The fact that we actually succeeded, by means of the most difficult negotiations, in buying the quantity desired by our Government from the American Standard Oil Company and the Dutch-English Royal-Dutch-Shell Group and in transporting it to Germany, was made possible only through the aid of the Standard Oil Co.

EXHIBIT No. 8

INTERROGATION OF VON KNIERIEM AUGUST 25, 1945, ON METHODS USED TO STOCK PILE FOR GERMAN GOVERNMENT

3:00 to 4:00 P. M. Saturday.
25 August 1945.

Q. What are the facts concerning the 20 million dollars aviation-gasoline purchase that was made by I. G. on behalf of the German Government?

A. I made an explicit statement to this effect to Major Tilley and he has all that information in detail. The government approached us asking us to try to procure for them a rather great stock of oil and to try to purchase it from Standard Oil.

Q. What year was that in?

A. Well, in that statement which I made here, I cannot fix quite accurately the year. It must have been about 1936 to 1937. The government at that time through the Reichswirtschaftsministerium approached Mr. Krauch. Mr. Krauch was going to Ludwigshafen to tell it to us. Then, Krauch, Schmitz, myself, and Mr. Fischer went over to London. The explanation made by the government officials was as far as I remember that the government wanted to get Germany independent as far as possible from the oil supplies from abroad, and in fact we were to build up a lot of hydrogenation plants. But these hydrogenation plants

took a long time to build, and to bridge over this time, they wanted to have a stock of supplies. Then we approached Standard Oil in London about this question. The amount was about 20 million dollars, but afterwards I think only an amount like 14 or 15 million dollars was expended in the execution of the option concerned. When we approached Standard Oil, they said: "Well, in principle, we will agree, but after our general understanding with the Royal Dutch Shell group, we would have to communicate with Sir Henry Deterding. Then the Royal Dutch joined the discussion and they said that the Anglo-Persian, which was owned 50 percent by the British government, should be made a party. Then in the evening joint conversations were held between I. G. and Standard Oil and Royal Dutch and Anglo-Persian. We talked about procuring foreign currencies. My business in this matter was to draw up the contract and this contract on the face being merely just the selling of oil against cash, was a difficult thing, for the reason that we wanted some specific brands of oil, high-grade brands, and the Standard Oil people said that they could not give us that because their apparatus was not sufficient to produce all this stuff so quickly. They would have to put up new apparatus but afterwards, when the oil had been delivered, this apparatus would be superfluous, so that the amount of money which had to be paid was not only the market price for that oil, but also an additional amount for a very quick amortization, and this to figure out was not quite easy. Now, in which way the transportation was handled, that was the usual way, I believe. We did it in this way. I. G. handled the business and paid cash and got the cash back from the government without any profits or losses.

Q. Did I. G. have that much cash on hand to handle it?

A. Certainly not. This cash was procured for us by the government. Nobody could get any currency at that time without the permission of the government. Now, as to the details in which way this was handled, and who made transfer of the money, I couldn't tell you. This is just a routing business with us. Somebody in Germany had to pay this millions of dollars. I. G. got the foreign currency from the government and paid these companies.

Q. Did I. G. tell the parties to the negotiations that it was acting in a representative capacity for the German Reich?

A. We didn't go to Standard Oil and tell them that we ask them to do our government a favor. We didn't tell them that. But you see, something must have leaked out. It is quite unusual for I. G. to purchase oil to the amount of 20 million dollars. Our business is to make oil after the hydrogenation process and not to purchase gasoline.

Q. Were the specialized plants actually constructed?

A. Plants then running were located e. g. in Bayway in New Jersey and maybe one in Louisiana and with the Shell Oil Company maybe in Curacao. Some little things regarding specialized apparatus, especially for the purpose of making this high-grade stuff, had to be put into those places.

Q. Was the contract itself between I. G. and Standard Oil, Royal Dutch Shell and Anglo-Persian Oil?

A. Yes; I think the contract was between Standard Oil itself and a contract was made with Asiatic which is one of the three big subsidiaries of Royal Dutch. The other parties divided our requirements between themselves, so that it suited them, but Anglo-Persian stepped out. There was no contract with Anglo-Persian, and the reason was, in my opinion, that Anglo-Persian said this quality did not suit Anglo-Persian to fabricate for us now. The contract was made with Standard Oil as far as I can remember, and it was made with the big subsidiary of Royal Dutch Shell, Asiatic Petroleum Company.

Q. How did it happen that when the German government wanted to buy these products it asked you to do it for them rather than directly?

A. Well, the German government was certainly acquainted with our very friendly relations with Standard Oil. We had made with Standard Oil, as you probably know, a very big deal. And we had shown this agreement to our government. So that the government knew that we were having very friendly relationships with Standard Oil and the government probably thought that it would go more smoothly if we did it. Also there was no one in the government able to do this.

Q. Who in the government approached I. G.?

A. Well, in my remembrance, President Schacht. He was Minister of Economics, at that time, I don't quite recall the date exactly. At that time, he was Minister of Economics or the above given years must be wrong.

Q. Whom did Schacht approach in I. G.?

A. I can tell you from second-hand knowledge only. We heard, to the best of my remembrance, about this from Krauch that he was approached by the government.

He told us that he was approached by Blomberg, who was Minister for War and by Schacht, who was then Minister for Economics.

Q. Was Krauch plenipotentiary for the synthetic products division of the four-years plan at that time?

A. Well, I cannot tell you that quite correctly. You should certainly be able to find out the date from the other sections and from Krauch himself. I can't tell you, but in my opinion he was at that time having his domicile in Berlin.

Q. And that would mean that he was probably doing governmental work?

A. Yes. The thing would work in this way, that somebody in Berlin wanted to make this bridge over, and then probably they approached Krauch and said: "Well, you are in the I. G. and you are friendly with Standard Oil, and now would you not try to fix that up for us?"

Q. Now, if he was plenipotentiary, was he in a position at that time to direct I. G. to do this for the government?

A. Yes, I think so.

Q. In what capacity?

A. The chairman of the company was the old Mr. Duisberg, and the president was Mr. Bosch and then at a certain time, Mr. Duisberg died, and then Mr. Bosch was chairman and Schmitz was president and at that time Krauch was a member of the board and then Mr. Bosch died, and then Krauch was made chairman, Schmitz remaining president. So that in all probability Krauch was member of the board of I. G. having charge of oil things and hydrogenation.

Q. He remained a member of the board when he was plenipotentiary?

A. Yes. He remained chairman of the board afterwards.

Q. Did Schacht or von Blomberg make this request of Krauch?

A. To the best of my knowledge I feel pretty sure that he told us that he was approached by them.

Q. Then who was consulted in I. G.?

A. Schmitz probably. He would have been then president.

Q. Did you participate in any conversation between Krauch and Schmitz on this question?

A. I don't remember a specific conversation, but we surely have talked about the question on the trip. They took me with them to draft the contract. Krauch and Schmitz, Mr. Fischer and myself were in on the negotiations. Mr. Fischer at that time, did the selling questions with regard to oil.

Q. But as far as Krauch was concerned, he went as a representative of I. G. and not as a representative of the government. Is that correct?

A. Yes. That is correct.

Q. Now, was it customary for I. G. to perform missions of this type for the government?

A. I don't remember any other cases.

Q. This was a successful venture was it not and I. G. did accomplish what the government requested of them in this case?

A. Yes. I think so.

Q. Did the government ask you to try to do similar things for it later on?

A. I don't remember.

Q. I. G. obtained no profit on this transaction?

A. No; none.

Q. Was it simply regarded as a patriotic gesture?

A. I should think I. G. would not take any profit on this.

Q. Didn't I. G. take profit on other transactions with the government?

A. This was not the kind of usual deal. It is not the business of I. G. to purchase oil from Standard Oil, and to give it to somebody else. That would be a strange situation to take profit and I don't know whether the question has come up at all.

Q. You didn't consider it a commercial matter at all, only a patriotic duty on your part?

A. I don't remember. I just drafted the agreement and in drafting the agreement with the oil firms, this question did not come up at all. It was a question of fixing the prices and making provisions for transportation, and then it was a very difficult question. We had an option to take the whole amount or less. But in my opinion, we had some obligations to take some amount. I don't think that we were in a position not to take anything.

Q. Didn't it strike you at the time that this was an out of the ordinary transaction?

A. Yes. It was a kind of irregular transaction. But you must look at it in this way. I. G. in exploiting the hydrogenation plants had a certain responsibility in trying to purchase so much gasoline as necessary to meet the demands of Germany, since the plants could not be built so quickly. And so in picking the I. G. organization to effect the purchase of oil, it was just the same in effect as if we would have been in a position to build quicker.

Q. You felt obligated to supply the needs of the German government.

A. Well, all the people thought that our hydrogenation process would make Germany at least to a certain extent self-sustaining. It was a moral obligation, but it was part of our business, and we tried to, and now if the plants take a long time, the idea probably was that by this way we could reach the same effect as if we would have been in a position to build quicker.

Q. Would it be fair to say that I am correct in quoting you that the German government gave financial help in this development?

A. No; not in this way. We had developed this process quite out of our own means and this was a thing which, when we were telling this to Standard Oil to show them how much costs we had, they hardly believed that we had spent some hundreds of millions marks in developing the process which was at that time not so very certain to be a success. And we kept this figure very secret because we saw that there might be a lot of criticism. It went very far to the extent where it would have been nearly nonsense to do it, that is to say, to spend hundreds of millions of marks to develop a process for making the stuff for 25 pfennigs, when the costs "c. i. f." Hamburg without duty were about 8-12 pfennigs.

Q. Why was it done? To make Germany self-sufficient?

A. No; not at all at that time. This is difficult to explain. To understand this you would have to know how I. G. divided its real profits in a year. There was a very small amount which I. G. gave to the shareholders in comparison with the total profits, and all the other profits were put into the business again to develop the new things. When we developed these synthetic indigos we had spent a lot of money for the time and we had made rather high profits, and these profits were put into another field of experiental work in the nitrogen field which was expensive. We developed the Haber-Bosch process. We had very great revenues out of that, and then we put that back into the hydrogenation of coal because we took the position that here is a chemical process which only I. G. can develop, nobody else. And it is our duty to touch on this problem.

Q. Do you think the reputation of the company would be improved by making 25-pfennigs oil to sell in competition with other-priced oils?

A. Yes. Because in developing such a process, you have a lot of side lines and issues where you are learning a lot and making new things. One thing comes out of the other. It was a development of the high-pressure process with catalysts. This process might be necessary for future things. You must touch such a thing. You cannot leave it to somebody else. It was one of the big problems which had to be handled.

Q. Then when you did get into this process and had developed it to a point for commercial exploitation, and the German government became interested in it, then you somehow began to feel an obligation to supply the government and to help it bridge over the period concerned. What was the nature of that obligation, in your mind?

A. We considered it to be our business and to our own interests, with regard to the standing of the company, not to be a failure, and to develop it quickly, and this might have been in our minds, to bridge it over to a certain extent. I told you that the government did not give one farthing (pfennig) to develop this process, but afterwards when we built some hydrogenation plants, we got, in some cases, a kind of guarantee that in selling the stuff, if the actual cost would surpass the amount which we could charge to the customers, then the government would take over the difference, that is, indemnify us.

Q. Did you not have the duty and obligation to so complete your process that it would be available to the government and the Wehrmacht?

A. No. The government did not use the process. This process was used by ourselves and by licensees who were the other German companies. In some cases they were companies with which we were not participants at all, and in some cases it was with companies in which we had some participations.

Q. If you were not able to meet the commercial prices, how did you meet the competitive conditions?

A. Germany had a very heavy duty on imported oil. This tariff was made a financial tax. We had always this tariff, and it was a big revenue for the government. It was designed to procure money and not for protection of oil production. But afterwards, it was a protection for us. At one time, when the oil companies were fighting very hard the cost of gasoline "cif" Hamburg was three pfennings per litre, whilst the usual price was eight and up, and then came the duty, amounting to about 15 pfennigs per litre. When we started, our cost price was about thirty and then went down to something like twenty-two, so that it was not so bad, if you count the duty. The fact was that using gasoline which was home-made, the government lost the duty income, but saved foreign currency.

Q. The government did not mind that, did it?

A. But this development was started rather early. Our process was completed, I should say at that time, when we made the first big transaction with Standard Oil. This was in 1927 and 1929.

Q. Wasn't it true that Bütetisch went to Hitler in 1932 to find out whether or not it was desirable for I. G. to continue with synthetic gasoline and hydrogenation?

A. The only remembrance I have, and this is not sure, is that he was once together with Hitler, but I can't find out in which year that was, and I don't know anything about the conversations between them.

Q. Isn't it true that I. G. considered the desirability of dropping experiments in hydrogenation because of the terrific losses sustained by the company, without government support?

A. Well, it might. I remember that I myself with some other gentlemen figured out whether it would be bearable to go ahead with these things. I remember at that time that I figured out with an associate of mine and I admit that at that time, in my opinion it was absolutely ripe for discussion whether it would not be the right thing to drop the whole thing altogether.

Q. Maybe with that in mind, you obtained the indemnity from the government in reference to these particular plants?

A. Well, it might be.

Upon further questions:

I seem to remember now, that the actual contracts on our behalf were formally signed not by I. G. but by Ammoniakwerk Merseburg G. m. b. H., a 100% subsidiary of I. G. I do not remember which persons signed for I. G., because the question by whom the actual executing of a contract took place is not considered as being of any importance; whoever is just at hand and has the right of a signature may sign; in this case Fischer probably signed and the second necessary signature may possibly I have given. I do not know where the contracts are at present; they must be on one of those places I have indicated to Major Tilley; most likely they are in Heidelberg at the office of the legal department, Klingentor. Fischer certainly has a copy, since he was the one, who was working on that deal. I cannot give any detailed statement on the time of the option or the delivery, but the option will have certainly been limited by a period of time. As far as I remember each party (Standard Oil and Asiatic) signed an individual contract. The kind of payment probably was: "cash against documents" which would have been the usual way. I do not know anything about I. G. getting a long-term credit and I do not believe that was the case. The development of the hydrogenation process took place without any help of the government. The bulk of the gasoline demands during the war was, if one does not count the exports from Roumania, probably derived from the hydrogenation process, but since I am not acquainted with the exact figures, you had better ask Buetefisch, who at that time was in charge of the oil business of I. G.

This interrogation took place without my having an opportunity to refresh my memory by looking into my files. A long time has gone since the events in question took place, I may therefore have been incorrect as to details. I have read the record of this interrogation and swear that the answer given by me to the questions of Mr. Glaser are to the best of my present knowledge.

(S) A. v. KNIERIEM,
Member of Board of I. G.

EXHIBIT No. 11

STATEMENT BY MAX ILGNER DATED JUNE 18, 1945 ON ASSISTANCE GIVEN WEHRMACHT, S. D., GOVERNMENT, AND PARTY BY FARBE ABROAD,

STRUCTURE OF THE REPORT

- A. General remarks:
- I. Organisation and functions of I. G. Berlin N. W. 7.
 - II. Administration of the sales organisations of I. G. abroad.
- B. O. K. W. (Wehrmacht):
- I. Wehrwirtschaftsstab (General Thomas):
 - (1) Economic Dept. of I. G. (Volkswirtschaftliche Abteilung).
 - (2) "Vermittlungsstelle W" (Wehrwirtschaft) of I. G.
 - II. Abwehr-Abteilung (Admiral Canaris):
 - (1) "Abwehr Organisation" of I. G.
 - (2) Office of the commercial committee of board of directors (Büro des Kaufmännischen Ausschusses).
 - (3) Economic Dept. of I. G.
 - (4) Other contacts.
- C. S. D. (Sicherheitsdienst):
- (1) "Abwehr Organisation" of I. G.
 - (2) Reports of trips abroad and reports from abroad.
 - (3) Bayer organisation.
 - (4) General contact asked in summer 1944.
 - (5) Other contacts.
- D. Assistance asked by other organisations of government and party:
- I. Governmental organisations:
 - (1) Foreign office:
 - (a) Economic Dept. of Foreign Office.
 - (b) Staatssekretär Keppler.
 - (2) Ministry of propaganda:
 - (a) Expert committee on foreign matters ("F.-Kreis").
 - (b) "Vereinigung zwischenstaatlicher Verbände" (incl. foreign office too).
 - (c) "Werberat der Deutschen Wirtschaft."
 - (3) Ministry of economics and ministry of armament:
 - (a) Foreign department (Länder-Abteilung) of R. W. M.
 - (b) Working committee for foreign trade-questions of the federations of industry and commerce (Arbeitskreis für Aussenwirtschaftsfragen der Reichsgruppen Industrie und Handel).
 - (c) Imports of Molybdän and Wolfram and leather.
 - (d) Imports of oil from Rumänia and raffination in Pressburg.
 - (e) Petsamo-Nickel.
 - (4) Other ministries or governmental institutions:
 - (a) Ministry of aviation: Norway light metal.
 - (b) Reichskommissar Norway: chemical industry.
 - (c) Militärbefehlshaber Frankreich: chemical industry.
 - (d) Militärbefehlshaber Italien: chemical industry.
 - II. Auslandsorganisation der N. S. D. A. P. (A. O.):
 - (1) I. G. contacts with A. O. in Germany.
 - (2) I. G. organisations abroad.
 - (a) Members of the A. O.
 - (b) Presidents of German clubs, etc.
 - (c) Presidents of Chamber of Commerce, etc.
 - (d) Other contacts.

A. GENERAL REMARKS

I. ORGANISATION AND FUNCTIONS OF I. G. BERLIN N. W. 7

About this precise matter I have made a report, dated June 7th, which I rendered to Mr. Weiss. To show, what I can contribute to this matter as well for myself, as for my organisation, I may state the following: I. G. Berlin N. W. 7, resp. their departments (9 chief departments and 35 subdepartments) exercised help functions for the sales organisations and partly also for the factories; no decisions on sales as well as on fabrication were made by I. G. Berlin N. W. 7. The 9 chief departments were headed by dept. directors or procurists or persons in the same rank (like Krüger—up to the middle of 44—Fahle, Terhaar, Reithinger, M. Passarge, and others). I, myself, had a largely extended knowledge of I. G. but—as too much—not going myself to details (except those matters I handled personally (see report of 7-6-45), also because since 1928 normally half of the year being outside of Germany or—once—being a long time ill (1939/40)).

II. ADMINISTRATION OF THE SALES ORGANISATIONS OF I. G. ABROAD

About this matter I have reported in my report of 26-5-45. I only will repeat the most important facts, as far as this report is concerned. The administration of the sales organisation abroad belonged to the field of activity resp. responsibility of the chiefs of the "Verkaufsgemeinschaften" (sales organisations of I. G.), the sales directors, and the counsels of the sales organisation. The names are the following:

Dyes: v. Schnitzler, Kugler, Köhler, Overhoff, v. Brüning, and others—Küpper.

Chemicals: v. Schnitzler, Haefiger, Borgwardt, v. Heider, and others—Stein.

Pharmaceut.: Mann, Märtens, Grobel, Zahn, and others—Brüggemann.

Agfa: Otto, van Beek, Uhl, and others—Deissmann.

Nitrogen:¹ Oster, Hanser, Krüger (since middle of 44)—Nitrogen-Synd.

Oil:² Bütefisch, Fischer (until he entered the Min. of Economics)—Silcher.

B. O.K.W. (WEHRMACHT)

I. WEHRWIRTSCHAFTSSTAB (GENERAL THOMAS)

This contact is an old one and goes back to the "Heereswaffenamt," which existed before the "Wehrwirtschaftsstab." In the year 1930 (?) Geheimrat Lederer introduced me to the chief of the Heereswaffenamt, General v. Bockelberg, Thomas then being a captain. The introduction of Leunagasolin in the German market in the years 1930/32 was strongly supported by this organisation. After Bockelberg left, General Liese came whose aide-de-camp Thomas was then, and afterwards the Wehrwirtschaftsstab under Thomas' command was formed. When I became a Wehrwirtschaftsführer in 1938, Thomas asked me the specific support of the Economic Dept. of I. G., but it was only done in 1939 (when I was absent on account of a serious heart trouble) by my substitute Dr. Krüger. Krüger made in 1939 his reserve-officer practice in the organisation of Thomas (as well as Dr. v. d. Heyde, the Abwehrbeauftragte for my organisation; but it is possible that the practice of v. d. Heyde was only during the war.) Krüger established the contact between the Wehrwirtschaftsstab and Dr. Reithinger, resp. the economic dept. of I. G.; v. d. Heyde was also introduced by Krüger, resp. automatically concerned in this contact.

(1) *Economic Dept. of I. G. (Volkswirtschaftliche Abteilung) (Dr. Reithinger)*

All reports and interesting information had to be given to the Wehrwirtschaftsstab; these reports—how the selection was made in detail, I don't know—based on all foreign reports, which I. G. Berlin N. W. 7. received in the current course of business, incl. the reports of the I. G. Verbindungsmänner, other statistical Dept., Chemnyco (see my report Versailles, 10.5.45: "Die Reiseberichte von Dr. M. Ilgner, die Volkswirtschaftl. Abteilung und die Pressestelle der I. G.") and also on the material of my own reports on foreign trips. In addition to this I had given to Reithinger freedom of disposition—also to a certain extent financially—to secure himself foreign collaborators outside I. G. as the "Institut für Weltwirtschaft" in Kiel (Prof. Predöhl), and the "Institut für Konjunkturforschung" (Prof. Wagemann) in order to save time as well as to get more material; especially during the war, when the organisation of the economic dept. became

¹ Mostly used the dyes and chemicals sales organisations of I. G.

² No export from Germany, but purchases in Rumania and sales in C. S. R.

always smaller by men going to army, this was a certain help. By giving Reithinger and his associates in their work free hand in every respect, the high standard of the independent work was reached; This naturally had on the other side the consequence that all authorities were very keen to get the reports and the cooperation of the economic dept. In the beginning of the war there were four ministries resp. governmental organisations, they wanted to take over the economic dept. as a whole, but as there was only *one* economic dept. of I. G., it had to stay with I. G. The four were: Economic dept. of the Foreign Office, Ministry of Economics (foreign dept.), Ministry of Agriculture, and "Wehrwirtschaftsstab." During the war all kind of statistics, economic information, etc. came in by help of Bayer organisation in Portugal and partly by the Pressestelle of I. G.-Reithinger, from time to time, sent me a list of those reports he resp. the economic dept. had made—during the war—on demand of the Wirtwirtschaftsstab.

(2) "*Vermittlungsstelle W*" (*Wehrwirtschaft*), Berlin S. W. Kochstr. (Dr. Dieckmann, Dr. Gorr)

The following directors of I. G. were responsible for this department: Sparte I (nitrogen, gasolin) Schneider, Bütefisch, Sparte II (dyes, chemicals, buna, pharmaceuticals) ter Meer, Hörlein, Ambros, Wurster, Sparte III (Agfa-film, photo, fibres, artificial silk) Gajewski, Kleine.

This organisation originally was formed to avoid that important technical know-how and patents from the point of view of armament were given to foreign countries ("*Industrierverschleppung*").

What precise contact this organisation had later on to the Wehrwirtschaftsstab resp. Ministry of Armament, especially during the war, I do not know.

II. ABWEHR-ABTEILUNG (ADMIRAL CANARIS)

I made the acquaintance of Major Bloch (then he was a captain) by the general secretary of the Mitteleuropäischen Wirtschaftstag Dr. Hahn, who was a friend of Bloch (in 1931 or 32?). I saw Bloch in the following years occasionally especially at the general meetings of the Mitteleuropäische Wirtschaftstag (president Baron v. Wilmowsky, myself becoming a vice president in 1938); after Hahn died in 1939, Dr. Dietrich became general secretary, but I don't know in which specific contact he was with Bloch. Baron v. Wilmowsky, I know, stood in a friendly relation to Col. Piekenbrock, whom myself met only once on occasion of a dinner party arranged by Dr. Krüger and Dr. Fahle, short before Piekenbrock and Bloch—both being at present, also a third officer (name forgotten)—left the "Abwehr-Abteilung" and took over military commands in the army (1943 or 44?). The other men (except one (see 4.) but name forgotten (page 6) especially Canaris, I never met.

(1) "*Abwehr-Organisation*" of I. G.

Originally, before 1933, there was an "Abwehr-Organization" in Leverkusen but after 1933 the party did not consider this sufficient and in the I. G. as well in the whole of business life in Germany a new "Abwehr-Organisation" was introduced.

In every factory as well as in every other organisation—also in mine—Abwehrbeauftragte were nominated in resp. appointed by the party resp. S. D. This was in my own organisation v. d. Heyde, Rüdiger later on taking his place when v. d. Heyde went to the army. As I. G. was so great and there were so many "Abwehrbeauftragte" of I. G., the Abwehr-Abteilung of the O. K. W. (and S. D.?) wanted a so-called "Hauptabwehrbeauftragte" who should be on the top of all "Abwehrbeauftragte". At this time, Fahle told me that the men of dept. Canaris would like to see him as Hauptabwehrbeauftragter and I communicated this to v. Knieriem, as I knew that this matter would be discussed in the executive committee of the board of I. G., v. Knieriem being a member of the executive committee. But the executive committee, after the whole matter was delayed by Schmitz for months to the vexation of the O. K. W., did not accept this proposition, deciding it should be a member of the highest institution of I. G. (as it was a very delicate mission), that means of the executive committee of I. G. and Dr. Schneider, Leuna, was proposed to the Abwehr by Schmitz and later on accepted (I do not know whether also by S. D. but presumably). Schneider organized the "Abteilung A" (Abwehr) for his current contact to the "Abwehr"; this department was located in the same house, as the "Vermittlungsstelle W", Berlin S. W., Kochstr. In this department Dr. Dieckmann was in charge of all technical matters and Dr. v. d. Heyde of all commercial matters, Dr. Rüdiger being his substitute. About the work of this department I have no knowledge.

(2) *Office of the commercial committee of board of directors. (Büro des Kaufmannischen Ausschusses.)*

All interesting reports of the I. G. Verbindungsmänner had to be given to the Abwehr and Major Bloch once asked me to make the personal acquaintance of the I. G. Verbindungsmänner, if one or the other should be on a trip in Germany: I told Bloch—this must have been in 1935 or 1936?—that the commercial committee of I. G. had the greatest hesitations of every kind of cooperation, if not strictly asked and also then only in the very field of current business reports and matters coming up in the normal course of affairs; Bloch understood this and agreed. I informed the office of the commercial committee (Fahle, G. Schiller, Schwarte, Saxer, and others) which took over contact with Bloch on this line; whether Bloch has seen I. G. Verbindungsmänner, I can't remember besides Mr. W. Schmidt from Siam.

(3) *Economic Dept. of I. G.*

The Abwehr wanted to have, like the Wehrwirtschaftsstab all interesting reports from abroad and they also were interested in the questionnaires of the Econ. dept. as already before the Economic Dept. of the Foreign Office as well as the A. O. I repeated to Major Bloch—it was the same conversation concerning the above-mentioned questions to the office of the commercial committee—that he could get only informations, they came to us in the current business organisation and that I. G. would not be able—in respect to the standing of I. G. abroad—to cooperate in any other way. It was a matter of fact that I. G. informations—only in the current way of reports—were so complete, that I. G. could avoid to leave the line of current business information. That this high standard of information of the Economic Dept. was also a great advantage for the business decisions, I have shown in my additional report of the 23rd May 1945 re “The Economic Dept. and the devaluation of the \$ in 1933.” The Economic Dept. of the I. G. was the best and most complete private economic dept. in Germany—this can be assumed—and how rich was the material of this department has been shown by the publication of the Econ. Dept. of I. G. in the years 1929/32 (four volumes): Elementary comparison between the United States of America, England, France, Italy, and Germany); in this work Prof. Richard von Moellendorff—the economic adviser of the Economic Dept. of I. G., was largely participating and it can be considered in some way as a standard work.

(4) *Other contacts with the Abwehr-Abteilung*

(a) *W. v. Flügge.*—Flügge was on a retainer basis with I. G. since 1931/32 (Wagemann Plan); he was a promoting man in the Balkan (soya bean culture in Rumania and Bulgaria and minerals.) As a half-Jew it was difficult to protect him in the Balkan and so Krüger arranged with him in 1939 to go to Turkey (export-fostering); Flügge made large reports to the Economic Dept. which went consequently amongst others also to the Abwehr-Abt. which in this way became particularly interested in his reports. Flügge was in contact with von Papen. 1944 he was put in concentration camp by the Gestapo; he was visited by Saxer, but we could not get him free.

(b) *Baron v. Lersner* was already since long years before 1933 on a retainer basis of I. G. (this being arranged by the late president of I. G. Geheimrat Bosch who was a good friend of Lersner). Lersner being also a half-Jew went also to Turkey in order to be protected and—I guess—because his close friend, von Papen, became an ambassador in this country. This all was arranged by Krüger during my illness in 1939. Lersner sent monthly reports (Stimmungsberichte)—more to do something for the money—and these reports went—if I remember right—to Weizsäcker of the Foreign Office and by him to the Abwehr and the Economic Dept. of the Foreign Office (?); I. G. got a copy.

(c) *Oeckl* was an employee of my organisation, and during the war—as a soldier (Sonderführer)—got for a while a command to the Abwehr. One day he came to me and told me that a Col. Lieutenant of the “Abwehr-Abteilung” (see page 5) (name forgotten) wanted to speak to me on account of Portugal; even I did not know Portugal at all, I saw this man; he wanted to know about I. G. organisation in Portugal, but as I knew really nothing—even the I. G. Verbindungsmann in Lisbon Ösenberg I only met once at lunch in Berlin—the conversation had—as far as I remember—no result. Whether somebody else afterwards has been asked, I do not know resp. I cannot remember. I tell this all because in Versailles I have been asked on account of Mr. Ösenberg, but I couldn't tell more.

(d) *Kugler* was also an employee of my organisation and later on I. G. Verbindungsmann in Bukarest. During the war he became a soldier and also got a command to the Abwehrabteilung. But later on he partly was free of duty, so

he was always at my disposition if I was on business—or industrial—committee—questions in Bukarest. One day Kügler asked for a leave and as he was going to Turkey, he had to confess to me for the first time that he had an special order of the Abwehr concerning Turkey; as he was under parol, I won't like to insist to ask him precise. This was the only time that Kügler missed his functions with me.

(e) *Hungarian officer (captain ?)*.—Once—about 1942/43—at a meeting of the Mitteleuropäische Wirtschaftstag, Major Bloch came to me and asked me whether I could give a job in private business in Budapest that means in the I. G. organisation to an Hungarian embassy in Ankara and who was helpful to him; but now this men had to leave Ankara and it would be neither agreeable for him to stay in Berlin. On my next stay in Budapest, I asked Mr. Deyhle of the Budanil whether he could give this man a chance to settle down, but there was none; so I asked Prof. Surany-Unger of the Hungarian group of the Mitteleuropäische Wirtschaftstag, but there was also no possibility. In the meantime I was informed that it was no more necessary because this man got some other job. Then I have never heard of this matter; the name I can't remember.

C. & S. D. (SICHERHEITSDIENST)

(1) *Abwehr-Organisation of I. G.*

This was the same organisation as for the O. K. W. There was a double organisation in government and party, which were put together after the 20th of July 44, the O. K. W. coming under the command of the S. S.

The Abwehrbeauftragte, who was appointed by the S. S. for my own organisation was, as already mentioned, Dr. v. d. Heyde; he belonged in the same time to the dept. A (Hauptabwehrbeauftragter). v. d. Heyde himself was an S. S. man and member of the S. D.; the latter fact I never was officially told, but I am sure, he was. I also am sure that v. d. Heyde was ordered to watch he, like some others, and to report on me; but about all these things, it was absolutely impossible to see quite clear.

(2) *Reports of trips abroad and reports from abroad*

So far as I remember, the S. D. was the first, who asked reports to get from trips abroad, if exit permit was wanted as a *conditio sine qua non*; later on practically all authorities concerned did it, if they thought it was worth while to ask for such reports. In my organisation, v. d. Heyde and later on Rüdiger were the men, who got the order from the S. D. to look after these things, especially also to look after all other reports coming in from abroad (I. G. Verbindungsmänner, reports from me like Flügge and others) to be rendered to the S. D.; I passed the order to my associates resp. the different departments concerned.

(3) *Bayer-sales organisation abroad*

I was told together with some other colleagues from Bütetisch in summer 1944 (see 4), that on his recommendation the S. D. had made an attempt of cooperation with the I. G. abroad and—as Bütetisch regarded Bayer to have the best organised sales organisation abroad—this attempt was made with Bayer. As Bütetisch told us, this whole question came up, when again in the S. S. circles—Bütetisch was member of the S. S. and belonged to a circle of businessmen, which was called "Himmler-Kreis" and to whom belonged men like Flick, Rasche, Rostey, and others and whose manager was a man named Kranefuss—heavy attacks on I. G. were brought up, especially of noncooperation with the S. S. and S. D. The result of this attempt with Bayer organ. was said to be a failure or at least not that, what the S. S., resp. S. D. expected. As I otherwise have never heard of this cooperation—also Mann has never said anything about it—I can't say, how the cooperation was made. Only during the war all kind of newspapers and other informations came in by the Bayer organisation in Portugal as already mentioned and this might have been connected with the aforesaid.

(4) *General contact asked by S. D. in summer 1944*

On the same occasion, when Bütetisch told us in Heidelberg—Schmitz, Schneider Oster, and myself—the aforesaid matter concerning Bayer, he rendered the desire of Schellenberg of the S. D. to Schmitz, to have a general talk with him. Schmitz tried to escape and—as it had been spoken of contacts abroad and general economics—he asked me, to take up contact with Schellenberg in Berlin (Schmitz always remaining in Heidelberg). I ordered my secretariat to wring up the office of Schellenberg (whom I never have met or talked to) and tell him, that Schmitz had asked me on his behalf to talk to him (in order to find out, what he really

wanted). I got no answer; as time past and next I. G. meetings were expected to take place in Heidelberg in short time, I wrote a short note to Schellenberg, repeating my instruction received by Schmitz; no answer again. Then the I. G. meeting took place and Bütefisch very concerned, reported that the S. S. people resp. Schellenberg were furious about the whole. They wanted to see Schmitz and they did not want to see me at all (perhaps my economic department was considered to be interesting) and now they asked ultimately, whether Schmitz was ready to see him or not. Schmitz did not want to be alone, when Schellenberg would come and wanted to have Bütefisch (for patent-questions) Schneider (as Hauptabwehrbeauftragter) and me (for foreign economic questions) with him; but Bütefisch was already told, that Schellenberg wanted definitely to see Schmitz alone, perhaps together with Bütefisch; later on there might be an conversation including us others. Bütefisch at the end was asked to tell Schellenberg, that Schmitz was not in the position to come to Berlin and that he was willing to receive Schellenberg in Heidelberg. In the meantime came the 20th of July 1944 and the S. D. was tied up in this matter, so the I. G. question never came up again and nothing was done.

(5) *Other contacts with the S. D.*

(a) In a new report: "My position to the national socialism and to the international cooperation," who will be ready in two days, I will report in an article: "*personnel difficulties* by the party and the S. S." about contacts I had with the Gestapo resp. the S. D., in order to get the exit permit for my wife, to visit her mother in Sweden, both being Swedish, resp. Swedish born. In this connection I asked also, when nothing helped, my former associate in the I. G. Neubacher to write to Kaltenbrunner, as I had no contact, in order to help me after two years of refuse to get the permission for my wife, especially as my mother-in-law was seriously sick, quite alone and became 70 years old; but nevertheless: no result. I also talked to Dr. Jury with whom I had to do occasionally on account of the Donau Chemie A. G., Vienna and he promised to write to Kaltenbrunner, also no result. In the meantime the German minister in Stockholm had on demand of my mother-in-law by Swedish friends—without myself knowing it—also written to the S. D. by the way over the foreign office; again no result. Then I was advised, to see Prof. Schmidt, whom I knew from Vienna, as he still was Gauwirtschaftsberater to Jury, and who now was in the department of Schellenberg. When I saw Schmidt, he told me that I had a very bad atmosphere in the S. D. and he could not make me any hope. When I left the house of the S. D. in which Prof. Schmidt had his office, Dr. Ruperti of the Allianz came to me—I knew Ruperti from the F.-Kreis (ministry of propaganda in the years 1933/34)—and told me, that he knew about my difficulties and he was willing to try to help me. He came to me and told me that the S. D. suspected me in every respect on account of my engaging former generals, half-Jewish having left official positions, because I was not willing to cooperate and so on. My "Abwehrbeauftragter" Rüdiger (v. d. Heyde being at this time with the army) was too small caliber and they wanted to have a bigger man. Nevertheless also Ruperti made a hopeless impression (this was early in the beginning of 1945) and even if he promised to help me to get the exit permit for my wife and our two daughters, I had no great hope more and nothing was done, neither in the private thing as in the other, as I let things go and two months later, all was over.

(b) *Max Unz, Ankara.*—When Unz, the former I. G.-Verbindungsman in Ankara was put—after his return in Germany—in concentration camp at Oranienburg, my organisation wrote to v. Papen, who was also back in this time, whether he could help. Papen wrote that he regretted, he could do nothing but we should write to Staatssekretär Kaltenbrunner. We did this, but no answer.

(c) *Prof. Gross, Wien.*—As I have been asked on behalf of Professor Gross, the chief of the branch office of the economic dept. in Vienna, although I do not know at all what kind of contacts he had to the S. S. or S. D. and as it seems to me that his name has been connected in the questions put to me re the Abwehrstelle Ost in Breslau (of which I never heard before this name was mentioned in the questions put to me) I want to report all of him, I know. Gross was in the same time professor of national economy on the Hochschule für Welthandel in Vienna and I arranged with the rector of this university-institution, that Gross should be free half the time in the I. G. for his work in his institution (I was interested by economists like Reithinger, Fürst, Gross, and others to continue closely contacts with science and universities). As Prof. Knoll, the rector of the aforesaid institution was member of the S. S. and possibly (?) of the S. D. there might have been the contact I have been asked, but I am not sure at all.

(d) *Prinz Rohan*.—There is as an other man, with whom I. G. people—especially Mr. and Mrs. von Schnitzler were connected already long years before 1933—Prince Rohan who was retained by I. G. as an agricultural and publicity adviser. Rohan was connected with the "Europäische Revue" which was in the beginning financially and generally helped by I. G. In my industrial conferences in Budapest during the war, Rohan assisted me, as well as the Mitteleurop Wirtschaftstag, if difficulties came up in these negotiations and discussions, as he had an excellent position and first-class contacts in Hungaria, his wife being a daughter of the well-known late Count Appony. I know that Rohan had contact with Kaltenbrunner and that is why I report. Rohan sent reports to Kaltenbrunner, especially from western countries like France, where he was more at the end of the war; from these reports he gave me as well as v. Schnitzler occasionally copies. This contact of Rohan with Kaltenbrunner had neither to do with the I. G. as well as with my field of industrial activity in Hungaria, but I know that Rohan had informed Kaltenbrunner that he was in an advisory capacity to I. G. and myself.

D. ASSISTANCE ASKED BY OTHER ORGANISATIONS OF GOVERNMENT AND PARTY

I. GOVERNMENTAL ORGANISATIONS

(1) *Foreign office*

(a) *Economic department of the foreign office*.—This was the oldest contact of my organisation, especially of the economic dept. of my own organisation. This contact was installed by the late economic adviser of I. G., Professor Richard von Moellendorff, with whom I made my first trip to U. S. A. in order to study, how to build up an economic department (1928) and by Professor Wagemann. Ritter was at this time chief of the economic dept. of the foreign office and he was very fond of the cooperation with our economic dept. so that he often preferred our elaborates and reports to those of the Statistische Reichsamt as being quicker at his disposition and more living. The consequence was, that he made the "green reports" of our economic dept. well known and by and by more organisations were asking for them. But at this time Reithinger used this fact to follow as far as possible a "do ut des" politic and I. G. received in this way a great many valuable informations. Naturally after 1933 also this contact changed from year to year in another direction.

(b) *Staatssekretär Keppler*.—This man asked me several times to send him interesting reports during the war and from time to time he remembered me; because it was often forgotten by my organization and myself, as Keppler was no important man (as I saw it, he had not much to do with current business questions).

(2) *Ministry of propaganda*

(a) *Expert committee on foreign affairs (1933/34) (F. Kreis)*.—About this cooperation I reported already in my report Paris, 5. V. 45 re. my biography and activity as well as I will report in my new report "My position to the N. S. and to the international cooperation," which will be ready, as I already mentioned, in two days.

Here I only want to state, that this committee (called "F-Kreis" = "Wirtschafts-Führer-Kreis") was a fair attempt of leading business people to influence the min. of prop. to make a fair "publicity" instead of an unfair "propaganda." Something could be done, but in the long run unfortunately nothing; the committee shortly after the 30th June 34 ended by himself.

(b) "*Vereinigung zwischenstaatlicher Verbände*."—About this question I referred already complete in my report: Paris, 8.5.45: The contacts of I. G. with Ivy Lee and with the "Propaganda" and the activity of the Vereinigung Carl Schurz." Long years before 1933 I. G. and her leading men were assisting all these international organisations both by active cooperation as financially. The international position of I. G. and I. G. people in the world made it self understanding, that we had to assist all these efforts of international cooperation and better understanding. This was also the reason, why I accepted the presidentship of the Vereinigung Carl Schurz / or what I never was asked by any party organisation but only from people belonging to the circle of original creators of the Vereinigung Carl Schurz in the year 1928. My sincere wish and hope in accepting the presidentship was to assist to my part to a better understanding between the American and the German people and to do this attempt on the basis of fair principles as the: "come and see" or by a fair publicity, where we were following the lines of American advises. It was further on the line of the V. C. Sch. to keep separated

from the so-called "Nazi Propaganda" and we could do a lot, even if always the N. S. authorities tried to interfere. I. G. and I personally assisted in the conviction, that it was our duty, to prevent, that things run to the worse. This was the opinion of that time, but naturally today all looks in a different way. I have written about this problem also in my new above-mentioned report: "My position to the national socialisme and to the international cooperation."

(c) "*Werberat der Deutschen Wirtschaft.*"—This was also an organisation in a mere advisory capacity re. international exhibitions a. s. o.; I. G. was represented in this organisation by v. Schnitzler, Mann, Uhl and others.

(3) *Ministry of economics and ministry of armament*

(a) *Foreign department ("Länder-Abteilung") of R. W. M.*—This contact—similar as the contact to the economic dept. of the foreign office—existed also already long before 1933 with men like Posse, Sarnow, Waldeck, and later on Warmbold (Brünings minister of economics, who formerly used to be a member of board of directors of I. G.).

All reports from abroad—if interesting for the ministry—were given and naturally it was difficult in any way, to stop things after 1933, which we had done voluntarily before 1933. Besides that the contact with the ministry of economics was still more important for the I. G., as most of the wishes of I. G. concerning governmental authorities ended in the ministry of economics. During the war the contact with the foreign dept. of the min. of economics was still closer by the cooperation in the industrial committee and the working committee for foreign trade questions, in both of which I was cooperating personally (see my report: "My position to the N. S. * * *").

(b) *Working Committee for foreign trade questions of the federations of industry and commerce (Arbeitskreis für Aussenwirtschaftsfragen der Reichsgruppen Industrie und Handel).*—About this committee, which I just mentioned a few lines ago, I also reported in the Paris report of 5. V. 45: "My biography and activities." In this committee I was asked to elaborate reports on the following raw materials in respect to the time after the war: Nitrogen, chemical fibres, buna, and light metals (magnesium). These elaborates were made by Reithinger and Fürst, resp. our economic dept., Reithinger being himself appointed as a member of the staff of this working committee. For the above-mentioned reports also statistical material of the ministry of economics was given and used.

(c) *Imports of Molybden and Wolfram and leather.*—I mention this, because I have been asked, to tell all supports given by I. G. to authorities and as these imports were to the benefit not of I. G. only, they might be mentioned. The I. G. people or depts. concerned with this matter were: Meyer-Küster (Chemical dept.), central purchasing dept. (Klatt), and the dept. for foreign exchange/imports (Gierlichs, A. Müller). This was something concerning both the min. of economics and the min. of armament and was some business like this handled by Krüger and Gierlichs: imports of leather from Portugal against peas from Hungary, a compensation business, which—to my knowledge—never succeeded.

(d) *Imports of oil from Rumania and reffination in Pressburg.*—This business was handled by Bütefisch, E. Fischer, Conzen, Willig (?) and with the assistance of the following organisations, in which I. G. participated indirectly: Sardep, S. A. R., Bukarest, Stad, Bukarest, and Apollo-Mineralöl-Raffinerie, Pressburg.

(e) *Petsamo-Nickel.*—This business was done by a consortium, in which Metallgesellschaft, Krupp, and I. G. took a share. The men of I. G., who had to do with this business—to furnish the German armament with Nickelmatte—were Haefliger, Brendel, Fahle, Schubarth (?) and other people in Finland and Oppau (Müller-Cunrady the resp. techn. member of board). On the Finnish side was a Baron Wrede.

(4) *Other ministries or governmental institutions*

(a) *Ministry of aviation: Norway—lightmetal.*—The whole program was ordered by Göring and started by his man Koppenberg, who gave definite instructions to Krauch and Schmitz. I. G. was already since long years, as well as Norsk-Hydro A. S., Oslo, with which firm I. G. was friendly connected since 1907/resp. 1927, planning to erect a magnesium factory in Norway. But now this old and solid plan was mixed up with the fantastic plan of Koppenberg and it was very hard to bring our own matters along in a reasonable way and in the same time respecting the interests of Norsk Hydro and the old friendly relation, which at least we succeeded. But the whole program was a failure as many. (See report: "My position to N. S. * * *".)

(b) *Reichskommissar Norway: chemical industry.*—Von der Bey of I. G. Bitterfeld was appointed by the government to this job. He had to look after the

necessities of chem. business in Norway and as far as I know, he succeeded in doing this job objectively and getting the confidence of the Norwegian people concerned.

(c) *Militärbefehlshaber Frankreich: chemical industry.*—The I. G. Verbindungsmann in France, Krauch, was in a closed contact to Min. Dir. Michel, the chief of the economic dept. of the Militärbefehlshaber in resp. to chemical industry, but I have no precise knowledge of the position he had.

(d) *Militärbefehlshaber Italien: chemical industry.*—Ter Meer, of the board of I. G. was appointed by the government to this post, but I have no particular knowledge, what he had to do, resp. he did.

II. AUSLANDSORGANISATION DER N. S. D. A. P. (A. O.)

(1) *I. G. contacts with A. O. in Germany*

I have reported about this matter already in my report: Paris, 8.5.45: "The relations of I. G. to Ivy Lee and to the "Propaganda" and the activity of the Vereinigung Carl Schurz" in chapter II.3.) On account of the many and permanent difficulties of I. G. with the A. O., on desire of the A. O. a member of board of I. G., Waibel, was nominated to deal all matters with A. O. Waibel kept contact with me, resp. my organisation; especially Krüger and Gierlich had to deal very often with the A. O., but also Terhaar, Müller, and others; half of all questions concerned Jewish employees, resp. agents.

So far reports are concerned, the A. O. as well as the S. D. asked for these, especially in connection with trips abroad and the system: "no exit permit if no report" was later on a general, naturally depending from the person who was travelling and on what matter.

(2) *I. G. organisations abroad*

As to the responsibility of these organisations, I referred to the beginning of this report: "A. General remarks: II. Administration of the sales organisations of I. G. abroad."

Owing to the fact, that I. G. business in all countries of the world was always in comparison with other German exports—at one of the first, if not at the first place, the German I. G. representatives or agents were always—already long years before 1933—playing a leading role in the German colonies, schools, and other kinds of clubs or organisations. After 1933 there were always troubles with the A. O. organisations in the various countries and not only on Jew questions, but also of non- or not sufficient cooperation, not granting sufficient financial help, not assisting at party meetings or "Deutsche Tag" or "1. Mai" or something like that, or not showing the "swastika" on occasions whatever or the employees not contributing sufficient to the Winterhilfswerk—altogether endless complaints. This was the reason that the A. O. specifically demanded, if leading men of I. G. went abroad, to visit the Landesgruppen and Ortsgruppenleiter. In this way I visited these people in my various trips abroad and trying to come along with them or to report at home to my colleagues responsible for the organisations concerned.

As to the leading men of I. G. sales organisations abroad, who kept leading posts as members of the "Auslandsorganisation der NSDAP" or as presidents of German clubs or as presidents of German chambers of commerce or something similar, I will bring, as to the best of my knowledge, these names, not knowing always how close they were connected with the party:

(a) Members of the A. O.:

Empting (Dyes): Landesgruppenleiter Jugoslawien.

Huber (nitrogen): Wirtschaftsberater of A. O. in Spain or something like that. I have no specific knowledge.

de Margerie (Bayer): Landesgruppenleiter Venezuela.

Peter (dyes): Ortsgruppenleiter Sofia.

Pilling (Agfa): Partei, Richter, Norwegen.

Urchs (Bayer): Landesgruppenleiter Brit. India (but as far as I know, was dismissed years ago on account of party-troubles).

(b) Presidents of German clubs etc.:

H. M. Fischer (dyes): President of German club Mexico-City(?).

C. Gadow (dyes): President of German club, Shanghai (?).

Kluthe (Dyes): President of German club, Milan (?).

About these three functions I am not sure.

v. Humboldt (N. W. 7): Assistant to Mr. H. M. Fischer, Mexico-City; kept contact to the Humboldt society, later on stepped out of I. G.

(c) Presidents of German chambers of commerce etc.:

Birk (dyes): President of German chamber of com., Madrid.

H. Bosch (nitrogen): President of German chamber of com., Tokyo.¹

Deyhle (dyes): President of German chamber of com., Budapest.

Kaelble (Bayer): President of German chamber of com., Rio.

Unz (dyes): Economic adviser to the German embassy, Ankara.

Zeber (Bayer): President of German chamber of com., Milan.

(d) Other contacts: Sometimes A. O. people abroad approached us to give a job to jobless Germans, they wanted to have settled down. I remember one case, where I was asked personally to give to a German press man a (small) retainer in Kopenhagen and he would give our local agencies press-informations or make reports on specific matters; but I have no particular remembrance or knowledge of this man.

(Signed): MAX ILGNER.

FRANKFURT/M., June 18th 1945.

EXHIBIT No. 12

INTERROGATION OF VON SCHNITZLER, JULY 21, 1945, ON SURVEYS PREPARED FOR
LUFTWAFFE

21 July 1945

2:00 to 2:40 P. M.

Q. What was the M-question?

A. The M-question contained everything with regard to personnel questions connected with the war.

Q. Will you please explain it?

A. For instance, it started in the year 1940, that the Reich permitted that the years 1906 and 1907, if they were occupied in a "Wehrwichtige" organization, could stay with their firms. Later on from time to time, the question how far one could ask people to be what we call uk—unabkömmlich, free from army service, was dealt with. Then it contained the regulations to the Wehrmacht, generally spoken but not "Abwehr" questions—sometimes Abwehrfragen too (i. e., C. I. C. not active but the passive defense against enemy espionage), the inner organization of army questions as far as of interest to us, which ministry was competent for what purposes, always only as far as the commercial side of the problem was concerned.

Q. What does "M" mean?

A. "M" is an abbreviation of "Mobilmachung." (Even I had a yellow slip stating that in case of Mobilmachung to be at the disposal of I. G.)

Q. In respect to I. G. "M" meant what I. G. must do in regard to the war program?

A. But mostly from the standpoint of organization and to put people into disposition for military authorities. For example, we would not have discussed the erection of a new magnesium plant under "M" questions.

Q. What kind of discussion would you consider that?

A. That would be a separate point of business at the same time of military interest. Under "M" we did not take altogether what has to be done and should have to be done in connection with war but mostly the personal side.

Q. Were espionage questions "M" questions?

A. Yes, as well as counterespionage. Generally the circle was too great in the Kaufmännischer Ausschuss. We would have not spoken of things like that.

Q. To whom would you speak about things like that?

A. Only between 2 or 3 men.

Q. Which men?

A. Possibly I and Ilgner, Kugler, and Frank-Fahle. I with von Heider or Kugler, the three of us, Ilgner, Frank-Fahle and I have made statements for Mr. Glaser as regards the relation to the Wehrmacht.

Q. In regard to the actual military phases you and Fahle and Kugler and Ilgner discussed those?

A. If they came up.

Q. Did they ever come up?

A. Yes. For example, the discussions which we had with officials of the so-called Kanaris staff.

Q. What is that?

¹ Later on dismissed on account of government troubles.

A. The Kanaris staff was the head of the Intelligence Department of the Wehrmacht. The men I knew in this staff were Oberst Piekenbrock and Major Bloch.

Q. What did you discuss with them?

A. They were interested to get news of an economic character out of neutral and axis countries.

Q. They were not interested in getting news from enemy countries?

A. They were, of course, interested.

Q. Did they speak to you?

A. Yes. They applied for our help to get news out of neutral and axis countries eventually.

Q. We were speaking about countries hostile to Germany. Did they ask for news in regard to those?

A. Not from me.

Q. From whom did they ask information?

A. I can't tell you.

Q. Don't you want to tell us, or you don't know?

A. I don't know it.

Q. Whom did they ask in regard to the U. S.? Who made reports on U. S. production?

A. If, for instance, Col. Piekenbrock would have asked me what I know of U. S. A.—before 1937—of course, I would have told him.

Q. Did he ask any other I. G. officials?

A. We never spoke with one another. All was under strictest secrecy, when we had to deal with those matters.

Q. Is it not true that before the invasion of France, I. G. officials sat down with the Wehrmacht and planned the invasion in respect of the matters which I. G. knew?

A. I remember in the first years of the war I was once to visit a department of the Wehrmacht, head was an Oberst Becker, and he asked me what I knew of the different plants of the Imperial Chemical Industries.

Q. When was this?

A. In the first years of the war, 1939/1940. I would not call that a sort of espionage or whatever it is.

Q. Prior to the invasion of each country that Hitler attacked, I. G. officials were called in by the Wehrmacht and planned the part of the military attack with which I. G.——

A. I am sure they have asked what we knew about the factories, say, of I. C. I. in England.

Q. Whom did they ask?

A. Different people.

Q. Did they ask you?

A. I can remember only as far as England is concerned. There was only an occasion in Berlin when Oberst Becker showed me a map of England which was much more complete than my knowledge. He asked me whether I knew something of the British Magnesium plant in Coventry. I said, "No. I have never been there."

Q. Who else were called for to give this information?

A. They asked most technical people of I. G. All these people who were technicians and specialists in the chemical field, and then our Volkswirtschaftliche Abteilung under Dr. Reithinger in Berlin which belonged to Ilgner's organization, did a lot of work for the Wehrmacht as well as for the government. They succeeded in getting so many men free of military service only on account of the work they made.

Q. I show you a biography of the Aussig-Heyden Company. Is that an example of the type of report about which you are speaking?

A. Yes. The ministries, the foreign office, et cetera, based their knowledge on these biographies.

Q. In regard to the purely military aspects of the campaign against France, Russia, et cetera, didn't I. G. experts sit down with members of the Wehrmacht and plan the chemical aspects of that campaign?

A. Not to my knowledge. I know we made up those biographies as correct as possible and, of course, we made them for ourselves and we made them at the same time for the Wehrmacht and the ministries.

Q. When did you begin to make them?

A. This department is nearly over 10 years old.

Q. Is it not true that prior to an invasion and in planning that invasion, I. G. experts and technicians were called in to assist the Wehrmacht on the purely

military aspects? And to locate the plants, to be exactly informed where the plants were located, for example?

A. For all European countries they made up plans. Every plant of chemical interest was indicated in a complete map.

Q. Prior to the attacks on France, Russia, et cetera, did I. G. experts and technicians assist the Wehrmacht in making its plans?

A. I don't think so. I never heard it. I know that technicians helped the Wehrmacht to prepare a map. I object to "prior to an attack."

Q. Before they attacked France, they sat down and made out their military plans, in Holland, Belgium, and all the conquered countries? Isn't it true that before these plans were carried out, I. G. officials and technicians sat down with the Wehrmacht and planned those campaigns insofar as they touched the chemical industry?

A. I am sure that they asked our technicians about any and every chemical installations and factories, whatever is fabricated in those countries, but if they sat together with technical people of ours to make real plans what has to be destroyed, that I can't tell you.

Q. Who would know that?

A. A lot of our technical people could tell you. You must ask ter Meer and Bütetisch, Schneider and Gajewski perhaps, then Wurster and Müller-Cunradi, he is an expert on all kinds of nitrogen.

Q. Isn't it true that by the M-plans I. G. meant every aspect which was of military nature?

A. Yes; this is absolutely true.

Q. Under what heading would they discuss it?

A. They have had fancy names.

Q. So that in its commercial meetings the military methods were discussed under the heading "M"? In regard to the other committee, like the technical committee, what were the military plans known as?

A. I think they called it also "M" questions.

Q. So I. G. at all times since the beginning of Hitler's wars had a separate section which was called the M section or some other letter section?

A. You know in Berlin the Vermittlungsstelle W. It is rather complicated. We had to centralize our commercial activities as far as this domain is concerned at Berlin. In the commercial field, M. Fragen, handled partly by Volkswirtschaft A. B. T. and partly by Frank-Fahle. Under M. Fragen, were discussed the military domain, personal defense against espionage, eventual working in neutral countries. With the technical people, it was more complicated because they did not have that unification. They had in Berlin an organization which they called Vermittlungsstelle W. They dealt through this Vermittlungsstelle W. with the different departments, etc., of the Wehrmacht. It seemed that the 3 Sparten inside I. G. never were in full agreement about this Vermittlungsstelle and so Sparten and I made use of Vermittlungsstelle W. and did it only partly, and Dr. Gajewsky of Sparte III did not want to have to deal with the Vermittlungsstelle W. and did it on his own. So, for instance, say when it came to Agfa film of highest value in competition with Kodak, Gajewski dealt those questions personally with the Wehrmacht and did not go through the Vermittlungsstelle. I think they used different names on the technical side of I. G. It was not so concentrated as on the commercial. The man for the Vermittlungsstelle in Frankfurt who was the superior of 3 or 4 chemists, is Dr. Struss. He did that for Dr. ter Meer. Of course, they were in constant contact with the different military authorities. For example: When Russia was invaded, a staff of chemists was kept together—of Buna chemists—to be at once on the spot. They were sitting there. And then when the farthest point was reached, near Kaluga or so, there in a town they found a great Buna plant and they were able to stay there for 6 hours and they came back with the impression that the Russians were able to make buna from alcohol, not as we do from carbide. Under that heading our technicians would for instance, have called this buna action for Russia, I don't know. I think that goes much further than "M" questions.

Isn't it true that I. G. maintained, in regard to the chemical industry, its own warfare planning section which was of service to the Wehrmacht and used by the Wehrmacht in a commercial sense, in an economic sense, in the technical sense, and in a military sense, whether it was known under the name "M" or by some other letter it devoted itself to all military matters, and it handled military matters?

A. That is true.

Q. When was the M plan founded?

A. I think the real M plan in such a way, was only founded when war broke out, I think in September 1939 and then very quickly.

"I have read the record of this interrogation and swear that the answers therein given by me to the questions of Mr. Weissbrodt and Mr. Devine, are true."

Witnesses:

Interrogators:

Mr. WEISSBRODT.
Mr. DEVINE.

(Signature:) G. v. SCHNITZLER.
Position in I. G. Farben: _____.

EXHIBIT No. 16

LETTER REGARDING SHIPMENTS OF DYESTUFFS TO ARGENTINA, JULY 21, 1943

[Translation]

I. G. FARBENINDUSTRIE AKTIENGESELLSCHAFT, FRANKFURT (MAIN) 20

POLITICAL ECONOMIC DIVISION

82 Unter den Linden, Berlin N. W. 7

Attention Mr. Gase (or deputy)

SECRET

Latin America.

L/D
JULY 21, 1943.
23

Re: Shipments of Dyestuffs to Argentina.

We beg to refer to your memorandum of the 14th inst., in which you hold out hope for a decision following your discussions with Ambassador Moraht.

In the meantime, the undersigned has had a discussion with the local Argentine Consul, C. Joos, who has just returned from Switzerland where he had various talks with the Argentine Ambassador at Bern. Mr. Joos informed me confidentially that the officers' revolution in Argentina had the purpose of thwarting efforts made by politicians under the influence of the North American and English Embassies in Buenos Aires to bring about a popular-front government at the impending presidential election. [He also stated] that the present military government would be in favor of maintaining neutrality and that it had taken energetic measures in order to suppress any political incitement in the country. He also said that the ministries had been purged of persons who had been controlled or were subject to bribe. Consul Joos assured (me) that, according to statements made by the Argentine Embassy at Bern, confiscation of German property need no longer be feared and that certain burdens, which had been imposed on nationals of the Axis powers by the previous government, would be removed. [He added that] a former Minister—his name also appeared in the local press here—had been arrested because he was responsible for these measures, and that this Minister had been exposed as a paid agent of the enemy powers. [Consul Joos stated further that] energetic measures were also being taken against Jews engaged in grain trade (Alfred Hirsch) and that, in general, outgrowths of capitalism were being heavily opposed.

[According to Consul Joos] the controlling officers of the new government are in sympathy with Germany as a result of their former service in the German army; but strict neutrality in every respect would be the principal rule [of their policy].

Perhaps you will see fit to convey this information to Chief Government Advisor Koppelman. Since we are not making any headway with the A. A.¹ in connection with shipments to Argentina, he may possibly be in a position to bring about a speedy decision, after much valuable time has been lost.

We do not wish to let this opportunity go by without mentioning that, recently an urgent telegram was sent by our agency to Barcelona, requesting that further shipments be made, since, up to now, everything had been settled smoothly and payment was made for shipment III which has meanwhile arrived. This telegraphic request of our agency in Buenos Aires is probably related to the improvement in the Argentine atmosphere following the overthrow of the government.

¹ The translator believes that A. A. stands for "Auswärtiges AMT," i. e., the German Foreign Office.

We should also like to mention that, according to official records received, the Swiss dyestuff factories shipped 37,000 kg. aniline dyes to Argentina during the first 5 months of this year.

LATIN-AMERICAN DIVISION,
(S) A. LANGENSIEPEN.

P. S.—We are conveying the above information of the Consul without guaranteeing ourselves the accuracy of the statements.

(s) L.

EXHIBIT No. 17

LETTER TO DR. E. VAN DER HYDE FROM DR. VON SCHNITZLER, APRIL 3, 1940,
CONCERNING ACTIVITIES OF DUMMY CORPORATION TO CLOAK ESPIONAGE
ACTIVITIES

[Translation]

APRIL 3, 1940.

Dr. E. VON DER HEYDE,
82 Unter den Linden, Berlin NW 7.

MY DEAR MR. VON DER HEYDE: The contents of your kind letter of March 30, were the subject of discussion of our special Committee on Chemicals and Dyes. Afterwards I also had the opportunity of speaking of same with Dr. Frank-Fahle, who happened to be here. We are not aware of any cases here in Frankfurt which might have occasioned the displeasure of the two offices mentioned in your letter. It is true that up to now we have been dealing directly only with military agencies. I recently had occasion in Berlin to discuss with Major Bloch of the OKW another matter pertaining to this subject, i. e., whether and to what extent the OKW wants to use the services of the "Gesellschaft für Verkaufsförderung" (Association for Sales Promotion) which is under the management of Messrs. Kunzler and von Puttkamer. This company is particularly well suited for the intended camouflaging maneuvers, since the failure of one of its emissaries will never lead to a catastrophe; if worse comes to worse this company might have to cease operating in some particular country, and would have to confine its activities to the other neutral countries. While I am in Berlin next week there will be an opportunity of discussing this matter orally in detail as well as a whole; if the occasion arises I shall be very glad to have you meet Mr. von Puttkamer. This matter is always difficult for I. G. since all its agencies abroad are under the strictest control and every activity of its employees is closely supervised in order to determine whether such activity is of a strictly business nature or whether it is in the interest of third parties.

(Signed) v. SCHNITZLER.

EXHIBIT No. 17-A

CORRESPONDENCE REGARDING FARBEN'S RELATIONS WITH CHEMNYCO, DATED
AUGUST 3, 1940

1. Letter I. G. Berlin NW 7 of June 24, 1940, signed by Dr. Krüger and Gierlichs to:

Legal Department, Ludwigshafen.
Patent Department, Ludwigshafen.
Office Division I, Ludwigshafen.
Tea-Büro, Frankfurt/M.
Management Dept. Chemicals, Frankfurt.
Volkswirtschaftliche Abt., Berlin.

I. G. had a general permit to pay within a limited amount foreign exchange to different companies. Within this permit since 1938 20,000 dollars were paid monthly to the Chemnyco. In order to make a saving in foreign exchange, the Minister of Economy reduced the total amount, thus forcing the I. G. to make an application for individual payments, therefore also for the payments to Chemnyco. I. G. negotiated with the Chemnyco through the I. G. Chemie, Basle, and the Chemnyco agreed to the reduction of the cooperators fee to \$16,000 per month for May-September. The grant of this permit would only be given if the I. G. gives "explicit statement on the work of the Chemnyco in our interest and the importance for the safeguarding of our interests in U. S. A. We would like to ask you to explain to us immediately in the form suitable to be passed on to the Minister of Economy what the importance of the collaboration with the Chemnyco for your department is and what fields are covered."

2. Letter Dr. Hofeditz to Dr. Ringer of July 20, 1940.—Dr. Hofeditz encloses a draft of a reply of Division I to I. G. Berlin to the letter of 24 June:

"According to your wish I have avoided up to now to discuss this matter with other offices, but I have been asked already several times by Dr. Heintzeler. If you are agreeable with this draft please let me know whether I should send a copy of the draft to Dr. Heintzeler and also Dr. Wetzel to hear their point of view."

3. *Draft.*—The I. G. made a contract with the U. S. and Transatlantic Service Corporation New York, which later changed its name in "Chemnyco" in which the latter company took over certain obligations which are laid down in the contract.

The Chemnyco takes over to—

(1) Give on request of the I. G. information on financial conditions in the U. S. A., especially the business development of American companies of the chemical and related industries.

(3) To make on request of the I. G. visits, examinations, investigations, and estimations of technical, financial, industrial, or economic nature of each planned or existing industry which special regard to the financial structure, the management, the cost of production, the products manufactured, the used processes, trade names, the value of the business and the value of the contents and further interesting points in this connection and to give, if wanted, a thorough report with respective propositions and instigations.

(4) Customs questions, taxes, and other questions in connection with import and export of products.

(5) To take up connections with American companies with the aim to arrange contracts between these companies with the I. G.

(6) * * * to negotiate on questions in connection with contracts between I. G. and American firms. * * *

(8) * * * to work together with I. G. lawyers in all legal questions. * * *

(9) To prepare material for advertising for I. G. products.

(11) To examine on request of the I. G. American patents, processes, or inventions from the scientific, technical, commercial, and practical point of view and to report to the I. G. thereon and to negotiate on license questions.

(12) To act as proxy of the I. G. whenever it is asked and in cases where the I. G. has shares of an American company to safeguard the interests of the I. G. and to investigate the financial status of the companies as far as this is permitted by law for the shareholders.

(14) If the interest of the I. G. make it necessary, to take over the mentioned tasks for Canada.

(15) Chemnyco is prepared to supervise and further the endeavours of the I. G. regarding the return of property of the I. G. which is still in the hands of the American Alien Property Custodian, using suitable legal and governmental channels.

The Chemnyco has further a few special tasks resulting out of the supervision and transactions of several contracts which the I. G. has with American companies: With *Standard Oil*, November 1929.

* * * Furthermore Chemnyco must inform I. G. on the technical standing on the contract field and to draw the attention of I. G. to important points in this development; if wanted, it must prepare the necessary documents of scientific, technical, calculating, and patent nature on the processes of the contract field.

Jasco contract.

Oppanol and Paraflow Agreement.

USAC Contract.

On July 29, 1940, the office of Division I sent a circular letter to Dr. Krauch, Dr. Schneider, Dr. v. Knieriem, Dr. Bütetisch, and Dr. Boldermann, together with the final wording of the statement wanted by the I. G. Berlin for the Minister of Economy.

This final wording incorporates the main points of the draft, mentioning that—

"Dr. Karl Hochschwender, Dr. Karl Muller, and Dr. Rudolf Ilgner have been appointed as managers of the Chemnyco with the American. Compelled by different reasons the Chemnyco is a pure American independent company which has merely the function to advise the I. G. The mentioned gentlemen left the I. G. and have no contact with it any longer."

The different fields covered by the contracts with Standard Oil etc., are explained at length.

(5) "A special kind of the work of the Chemnyco is the collecting of statistical material on fields on which we are interested.

We would not fail to mention that the Chemnyco was several times examined by the Authorities in the U. S. A. on its work and its connections with the I. G. and we would like to point out the confidential character of the above-mentioned fact.

August 3, 1940.—Letter I. G. Berlin to Minister of Economy.

The I. G. made the application for the permit to pay \$16,000 a month from May till September 1940 giving at the same time the reasons in detail as wanted by the Ministry.

(1) *Volkswirtschaftliche Abteilung*.—Extensive information which we receive continuously from the Chemnyco about the American company, is indispensable for our observations of the American conditions, especially with a view to the technical development, the possibilities for export and the competition of foreign countries and companies, especially England. Moreover, this material is, since the beginning of the war, an important source of information for governmental, economical, and military offices. Also in view of the later revival of the trade with America these informations are of importance for us.

(2) *Patent Dept., Ludwigshafen*.—The service of the Chemnyco is very valuable for the negotiations and valuation of our American patents and contracts, especially our contract partners Standard-I. G. etc.

(3) *Sales Combine Chemicals*.—Primarily we make use of the Chemnyco to get information on the patent and convention field and it has rendered us already valuable services. In the war the keeping up of its activity on this field is necessary for us on account of the difficult mail and travel conditions. Especially on the Magnesium field, on which we work in America together with the Magnesium Development Corporation, the Chemnyco plays an important part as trustee for us. We have asked the Chemnyco a few days ago to take up negotiations with the MDC and the American Magnesium Metals Corporation on the Carbothermic field, which development we want to transact in common with the Österreichische Magnesit Gesellschaft, Radenthein, a company dominated by the American Magnesium Metal Corporation.

(4) Of deciding importance is the activity of Chemnyco on the field of Division I, Oil and Nitrogen. The respective office of the Division has made a separate statement (reference to this statement is made above).

EXHIBIT No. 18

MINUTES OF MEETING OF FARBEN'S BUSINESS COMMITTEE, SEPTEMBER 10, 1937, LIMITING FARBEN'S FOREIGN REPRESENTATIVES TO ACTIVE NAZIS

The following gentlemen were present: von Schnitzler, Chairman, Fischer, Haefliger, Ilgner, Krueger, Mann, Muehlen, Oster, Otto, Weber-Andrae, Frank-Fahle, Secretary.

Part of the time there were also present: Privy Counsellor Schmitz and General Manager Philipp, D. A. G., Vienna.

(1) PROBLEMS IN REGARD TO SOUTH AMERICA

(a) *Introduction*.—In connection with the discussion which took place during the last meeting Dr. von Schnitzler reported on measures taken by the Sales Syndicate "Dyes" [Verkaufsgemeinschaft Farben] to increase the staff of the South American agencies. Mr. Haefliger welcomed [the adoption of such] measures as being equally advantageous to the chemical business.

Dr. Frank-Fahle reported on the increasing activities of the U. S. A. in South America. Such activities may be traced not only to those reasons which are generally well known but also to the domestic policies pursued by the USA. Higher taxes, the prevailing hostile attitude toward trusts, grumbling and greed on the part of labor have forced firms such as du Pont, etc., to distribute their capital and investment risks by making investments abroad on an increasing scale.

Mr. Haefliger reported on Dr. Weiss's trip to Ibero-America, the results of which will be determined after Dr. Weiss's return.

Dr. von Schnitzler pointed out that the Dyes Branch believed Brazil to be the only South American country of interest from the point of view of manufacture, at least for the time being. He discussed briefly our plans in this respect.

(b) *Cooperation with the Matarazzo Syndicate, Brazil*.—Messrs. Weber-Andrae, Otto, and Haefliger reported on negotiations with the Matarazzo Syndicate in regard to the construction of an installation for the production of hydrogen sulphate and of plants producing acetate silk and cell wool. It was agreed that cooperation with the Matarazzo Syndicate would afford I. G. a favorable position for participating in the industrialization of Brazil.

(c) *Powder projects in Argentina and Brazil*.—Dr. Ilgner reported that the Branch "Chemicals" drew his attention to the two above-mentioned projects

shortly before his departure for Latin-America, as this branch had an indirect interest in these projects although they were of primary interest to the Powder Group only.

With the consent of the Powder Group, Dr. Ilgner and later on Dr. Frank-Fable took up these projects. Consequently the Koeln-Rottweil A. G. submitted a bid for the construction of a state-owned powder plant in Argentina and for the installation of modern machinery in the Brazilian powder plant, "Piquete," which is also owned by the state and which is already in operation. It was agreed that a participation in these invitations for bids would be of great value to the whole Syndicate and, generally speaking, to the German economy.

(d) *Bunge & Born, Buenos Aires.*—This firm originally dealt in grain, which is still its main activity, although during the last few years it has ventured into the field of chemical production. However, as this firm's objective is apparently one of a purely speculative nature and is not concerned with a systematic development of and constructive cooperation in this field an association between us and this firm seems undesirable.

Dr. Ilgner reported on the experiences which I. C. I. had with this firm. Bunge & Born had not kept the agreements concluded with I. C. I. Pointing to these unfortunate experiences I. C. I. has asked I. G. not to assist this firm any longer. Taking into consideration this request as well as the above-mentioned facts, we agreed that we accede to I. C. I.'s request.

(2) PROBLEMS CONCERNING EAST ASIA

(a) *Nitrogen hydrogenation projects.*—Dr. Ilgner reported that a preliminary contract had been concluded with Dr. P. N. Woo, delegate for the National Resources Commission, Nanking (Nareco). According to this contract a combined hydrogenation and nitrogen plant is to be constructed having a capacity of 50,000 tons of motor fuel (25,000 tons of gasoline for automobiles and 25,000 tons of gasoline for aeroplanes) and 13,000 tons of ammonia to be converted into 50,000 tons of ammonium sulphate. The price for the entire project is approximately 46,856,000 RM. For this I. G. is to furnish materials amounting to about 28,706,000 RM. The preliminary contract expires the end of February 1938.

(b) *War-risk insurance.*—In connection with the discussions which took place during the last session Dr. von Schnitzler reported on the attitude taken by Central Insurance, Department T, with regard to the insurance situation in the Far East. After this report was received the suggestions made by this department in its letter of September 7, 1937, addressed to the members of the Business Committee were discussed. The proposals made by Central Insurance, Department T, were accepted.

(c) *Transfer and/or clearing of gold certificates in Japan/China.*—Discussion of this matter was postponed until after Mr. Weibel's return.

(3) I. C. I.-I. G. ASSOCIATION

Dr. Ilgner reported on negotiations with I. C. I., the purpose of which was the joint establishment of a company to assure permanent cooperation between the two companies on all matters connected with the construction of nitrogen plants and the financing of same. These negotiations resulted in the establishment not of a "Limited Company" but of an "Association." It was provided that this association should also take in the third member of the D E N group, the Norsk Hydro Elektrisk Kvaeststofaktieselskab.

(4) PROBLEM "M"

Dr. von Schnitzler reported on the situation at present and asked Dr. Ilgner to arrange, together with the Director of the Division on Economic Policy, for a conference at the Ministry of Economics, which has jurisdiction over the above-mentioned matter, and to report on the outcome of these discussions at the next meeting.

(5) CIRCULAR 152

Dr. Frank-Fable reported on our discussions with officials of the Reichsbank, in the course of which we pointed out that our foreign agencies and the firms abroad in which we have interests are in no position to transfer any amount of foreign currency except for proceeds from their current sales. Their operating funds are kept at a minimum and cannot be reduced any further. Thereupon the Reichsbank officials requested us at least to float a long-term loan abroad and

to deliver the foreign currency thus received to the Reichsbank. We replied that this suggestion had no connection with the contents of Circular 152 that it touched upon an altogether different field of authority in which we had extended the greatest possible assistance to the Reichsbank over a period of years.

(6) PLANT INSPECTION

It was agreed that visitors to our plants, who come to us in connection with special projects or who want some general information, which might be the basis for future business relations are to receive preference over less important persons who are interested in our plants and especially over groups of visitors. In addition to this, it would be desirable if the respective plants would inform one another as early as possible in regard to visitors to be expected.

(7) THE SYNDICATE'S IRON SUPPLY

Dr. Ilgner reported on a conference which took place in the office of the Administrator for Iron and Steel on September 1, 1937, and submitted to the members present the minutes of this discussion, the wording of which has been approved by Reichsbankoberrat [General Counsel of the Reichsbank] Solven. In connection with this he told of a discrepancy, as yet unexplained between the figures quoted in our letter of August 18, 1937, in regard to our demand for iron and the figures submitted to the Administrator by the Economic Group (Chemicals) on the same day.

Mr. Haefliger mentioned the report which Mr. Jaehne made on the same subject at a meeting of the Technical Committee.

(8) CONVERSION OF "ANILINCHEMIE"—COOPERATION WITH D. A. G. AND SKODA WETZLER

Mr. Weber-Andrae reported on measures now under consideration with regard to Austria which are to establish closer relationships between I. G. and Skoda Wetzler (SWW) on the one hand and between the Czecho-Austrian Group of the D. A. G. and the SWW on the other hand. These measures are [intended] to prevent Mr. Pollak, the general manager of SWW, from attempting to ally his company with other chemical industries, in particular with Aussig or Montecatini and thus to make it impossible for him to continue with his plans for further industrialization of the Austrian chemical industry.

The firms of SWW, D. A. G., and the I. G. Group are each to acquire one-third of the stock of the Anilinchemie A. G. amounting to 300,000 Austrian Shillings and Messrs. Philipp and Pollak are to be taken into the board of directors of the Anilinchemie. In this way a permanent contact will be assured and a committee will be set up to examine all questions pertaining to developments in Austria.

Although D. A. G. and SWW at present sell a large part of their output through Anilinchemie the sale of goods produced by the above-mentioned three companies is to be made through Anilinchemie to a much greater extent than heretofore. The large assortment of goods which can thus be assembled will serve as additional protection against competition on the part of Aussig and other firms.

In this connection Dr. Oster gave his ideas as to what extent the marketing of nitrogen, which is at present done by DETAG may possibly be transferred to Anilinchemie.

It was agreed that all these problems should be thoroughly discussed with Mr. Philipp who was at that time in Berlin. On this occasion Mr. Philipp was also to be asked to represent our interests in other matters concerning Southeastern Europe, as for instance in the projected construction of an Austrian nitrogen plant. Privy Counsellor Schmitz then asked Mr. Philipp to attend the meeting. He thanked Mr. Philipp for the assistance which he had extended to the I. G. interests not only in Austria but in all the countries of Southeastern Europe. Dr. von Schnitzler mentioned in particular the assistance given in connection with the Aussig case and asked Dr. Ilgner to explain our viewpoints to Mr. Philipp.

After a prolonged discussion Mr. Philipp agreed to cooperate with us in the realization of our plans.

(9) MEETINGS OF I. G. MIDDLEMEN ABROAD

Mr. Mann suggested that the I. G. middlemen invite the managers of marketing companies entrusted with the local sale of I. G. products to attend regular informal

discussions on economic problems of a general nature which are of interest to I. G. This suggestion was adopted.

(10) REPLACEMENT OF THE PERSONNEL OF OUR AGENCIES ABROAD AND COOPERATION WITH THE FOREIGN ORGANIZATION

It is understood that in no case will men be sent to our foreign companies who do not belong to the German Labor Front and who do not possess a positive attitude toward the New Order. The men who are to be sent should make it their special duty to represent National Socialist Germanhood. Especially are they to be instructed that upon entering our companies they are to make contact with the Ortsgruppe of the respective Landesgruppen (organizations of the Nazi Party within the various countries) and regularly participate in their meetings as well as in the Labor Front. The sales departments should also see to it that an appropriate amount of National Socialist Literature is given to them. The cooperation with the A. O. [Auslands Organisation] must become more organic. It appears practical, together with the A. O., to work out a uniform plan for the purpose of detecting defects still existing in our foreign companies to the end that they can be eliminated.

(11) ESTABLISHMENT OF A JOINT STUDY GROUP INVESTIGATING YUGOSLAV ORE DEPOSITS

Mr. Weber-Andrae reported on a discussion between Dr. Keppler, Mr. Meyer-Kuester and several other gentlemen of I. G. which took place in Nuremberg on September 6, 1937. The purpose of this meeting was to explore the possibilities of an exploitation of Yugoslav ore deposits by investments on the part of German firms. In this connection the suggestion was made that I. G. should contribute 55% of the capital necessary for the establishment of a society for the study of Yugoslav ore deposits the capital of which was to be 2,000,000 dinars. It was agreed that a report of this proposal be made to the working committee with our recommendation.

(12) REORGANIZATION OF SCHERING-KAHLBAUM

Messrs. Fischer and Mann reported at length on the changes in personnel at Schering-Kahlbaum and on the relationship existing between Schering-Kahlbaum and Dupont. Privy Counsellor Schmitz suggested submission of an analysis of the balance sheet of the Schering A. G. as it stands at present to the next meeting of the business committee.

(13) REDUCTIONS IN PRICES OF BRANDED ARTICLES

Mr. Mann reported on his negotiations with the Economic Group—Chemicals [Wirtschaftsgruppe Chemie] which made it clear that reductions in prices will have to be made regardless of the possible consequences which this might have for our exports. Dr. Fischer reported on the measures which the Price Administrator intends to take—if necessary as early as January 1938—in regard to existing cartel agreements.

(14) COOPERATION WITH THE DIVISION ON ECONOMIC POLICIES

Problems connected with the Four-Year Plan, rearmament, exports, and the foreign exchange situation are constantly increasing. In order to assure a uniform attitude on the part of I. G. on all these problems it is absolutely necessary that all I. G. offices remain in close touch with the Division on Economic Policies during negotiations and discussions with authorities, organizations, and political bodies. Dr. von Schnitzler will report on this matter to the Central Committee. The cooperation between the Division on Economic Policies and the intermediary office "W" was discussed in this connection.

(15) AGREEMENT WITH RUHRCHEMIE CONCERNING THE FISCHER-TROPSCH PROCESS

Dr. Fischer reported at length on the plans for an agreement covering Germany, the USA, and the rest of the world. Ruhrchemie is in accord with these plans in principle.

(16) USE OF THE I. G. LETTER STAMP FOR FOREIGN MAIL

It was agreed that the use of the I. G. stamp should be continued in respect to foreign mail.

(17) I. G. YEARBOOK

Mr. Mann reported on a decision taken by Proko [Propaganda Commission] according to which mailing of the regularly published Proko material is to be discontinued. In its place I. G. will distribute a yearbook to all I. G. associates once a year containing descriptions of the more important I. G. products. The main purpose of this yearbook is to promote the sale of I. G. products among I. G. associates.

This proposal was accepted with the reservation that the yearbook must contain advertising only and must not include any propaganda hints of a social or political nature.

(18) SUNDRY MATTERS

Privy Counsellor Schmitz asked Dr. von Schnitzler to report to the working committee on problems of a general nature which had been discussed by the business committee.

The next two meetings of the business committee will take place on
Thursday, October 7, 1937 at 9:30 a. m. and on
Friday, November 5, 1937 at 9:30 a. m.
in Berlin NW 7, Unter den Linden 82.

(Signed) VON SCHNITZLER.
(Signed) FRANK-FAHLE.

F. F./Ed. 2/37.

EXHIBIT No. 19-A

MEMORANDUM REGARDING SUBSIDY FOR REMODELING GERMAN SCHOOL AT SANTIAGO, CHILE, JUNE 13, 1940

[Translation]

I. G. FARBENINDUSTRIE AKTIENGESELLSCHAFT

To: I. G. Farbenindustrie A. G., Dye Sales [Farbenverkauf], Grüneburg, Frankfurt/m.

Our Ref.: Leverkusen.

Division: Management, I. G. Work.

JUNE 13, 1940.

Re: Subsidy for Remodeling German School at Santiago, Chile.

Confirming the telephone conversation which we had with you yesterday, we wish to state that we are willing to contribute toward the fund for the remodeling of the German School at Santiago de Chile. In view of the fact that the German School in the Chilean capital plays an important part in the struggle for the preservation of German nationalism there, we are in favor of the original suggestion of our agencies to grant Chil. \$50,000¹ for this purpose, and hereby state willingness on our part to furnish, in that event, one-half of this amount. You said that you wanted to bring this matter once more to the attention of the management, and that, following its decision, you would cable pertinent instructions also to us.

We are looking forward to your communication.

Cordially yours,

BAYER,
I. G. FARBENINDUSTRIE AKTIENGESELLSCHAFT.
(Two signatures.)

(Penciled insertion:) Copy to Dr. Hoyer, Office of the Central Committee
June 24, 1940.

¹ Chilean pesos.

EXHIBIT No. 19-B

LETTER THANKING AGFA-PHOTO, RIO DE JANEIRO, FOR PROJECTOR AND CAMERA
DONATED TO THE NAZI PARTY IN RIO DE JANEIRO BY MAX ILGNER .

[Translation]

AGFA-PHOTO

WESKOTT & CIA

Rio de Janeiro, Rua Dom Gerardo, 42-A, Post Office Box 560.

Air Mail

Copy (Fr.)

National Socialist German Labor Party, Local Group, Rio de Janeiro.

RIO DE JANEIRO, *September 3, 1936.*

AGFA-PHOTO,
Weskott & Cia., Rio de Janeiro.

We hereby wish to acknowledge with thanks the receipt of the

Agfa Camera for narrow film
Agfa Projector for narrow film

which have been donated by Dr. Max Ilgner, Director of I. G. Farbenindustrie A. G., Central Finance Administration.

As we have already written to Dr. Max Ilgner, his gift will make it possible for his party to retain pictorially the work of our local group here and likewise to transmit part thereof to the Homeland.

This equipment will be entrusted only to one gentleman who is familiar with such apparatus. We shall communicate with you once more briefly in connection with this matter.

Heil Hitler!

(Signed) WAHLE, *Personnel Division.*

[Translation]

REGIONAL GROUP BRAZIL OF THE FOREIGN ORGANIZATION OF THE NAZI PARTY

THE REGIONAL GROUP LEADER

Postal Address: H. H. v. Cossel, S. Paulo, P. O. B. 1061

SAO PAULO, *September 15, 1936.*

Re: Your letter of August 31 from S. Paulo.

In reference: B-1/5980/Sp./Sch.

Dr. MAX ILGNER,

*Member of the Information Committee of I. G. Farbenindustrie A. G.
At present South America.*

MY DEAR MR. ILGNER: It is only today that I am in a position to acknowledge with thanks the receipt of your letter referred to above. I have gathered from your comments that you were pleased with the manner in which you were received here in Sao Paulo by the National Socialist Official Agencies and the National Socialist comrades. I wish to thank you most cordially for the books which you have given me as well as for the prospects of making the 3 Movex Cameras and projectors available to us in order to support our activities. Since said books are particularly nice, I have decided to use them as prizes for young and old German friends who are outstanding with respect to cooperation and work in the field of German nationalism.

The photo equipment which you have announced with be transmitted, upon arrival, to the schools for which you have intended them. In any event I wish to thank you once more for these valuable gifts.

I immediately wrote to Mr. Hamers the day after you left, in accordance with what had been agreed upon, and I trust that we may soon count on a notification from your Central Office in Berlin in order to proceed with the publication of the amounts spent as an enticement for remaining stragglers. I am likewise in a position to inform you that Mr. Alfred Weiszflog has personally committed himself for 100 contos.

Tomorrow I am leaving for Rio and shall gladly avail myself of the opportunity to call on Mr. Hamers.

Trusting that your trip may continue to be successful, I remain with best regards.

Heil Hitler!

(Signature.)

P. S.—My collaborators whom you know have asked me also to convey to you their kindest regards and best wishes for the continuation of your trip.

EXHIBIT No. 19-c

LETTER TO KARL HUEBNER, OCTOBER 4, 1936, CONCERNING FARBEN'S CONTRIBUTIONS OF NAZI BOOKS AND LITERATURE TO THE GERMAN SCHOOLS IN CHILE

[Translation]

AT PRESENT: SANTIAGO DE CHILE, *October 4, 1936.*

MR. KARL HUEBNER,
*Regional Group Leader of the Nazi Party,
Moneda 1054, Santiago.*

MY DEAR MR. HUEBNER: Before leaving Chile I do not wish to miss the opportunity of expressing my sincere thanks to you and to the members of all the organizations of the Nazi Party in Chile, for the hospitality and assistance with which I have been received.

May I, as a token of my appreciation, hand you herewith the book of the Führer, and, at the same time, three additional copies of the Führer's book, with the request that you use them as prizes within the Regional Group and in the German Schools. I am likewise enclosing the work *The Great Germans* [Die Grossen Deutschen] for the library of the Regional Group.

Since I would like to contribute to the completion of the libraries of both the Regional Group and the German schools in Chile, I should appreciate it if you were good enough to let me know sometime at my address in Berlin what German works are lacking in particular. I shall then be glad, upon my return, to send a collection to you here.

In order also to give the Regional Group as well as the local groups in Chile an opportunity of recording their activities on films and to transmit some of them to the offices at home, I have asked Mr. Siering, head of the Quimica "Bayer" Weskott & Cia. and simultaneously confidential agent of the Berlin organization of I. G. Farbenindustrie A. G., to send you, for each, two Agfa Movex cameras and two Movector Film Projectors. The second set of cameras and projectors should be utilized for the German school in Chile which, for material reasons, is not in a position to afford them.

With best wishes for the work which you and the Regional Group are carrying out, I remain with kindest regards and Heil Hitler!

Very truly yours,

(No signature visible.)

EXHIBIT No. 19-d

LETTER FROM MAX ILGNER, DECEMBER 23, 1937, CONCERNING FARBEN'S CONTRIBUTIONS OF NAZI BOOKS AND LITERATURE TO THE GERMAN SCHOOLS IN SAO PAULO

[Translation]

(Text appearing below on left-hand side.)

Director, Dr. Ilger (sic), member of the Management Committee of I. G. Farbenindustrie, had a large collection of books handed to the Regional Group administration of the Nazi Party. The picture shows the acting Regional Group leader Pg. Müller with Mr. Heinrich Homann, head of "La Quimica Beyer S. A.," who handed over the books on behalf of Director Ilgner.

(Right-hand side.)

(Insertion in ink:) DECEMBER 23, 1937.
HA/Pr.

TO THE REGIONAL GROUP OF THE NAZI PARTY,
*Sao Paulo via Foreign Organization of the Nazi Party,
4 Tiergartenstr., Berlin W. 35,*

I was pleased to be able to visit your Regional Group during my South American trip. On that occasion we discussed the fact that the library was still

lacking certain works on New Germany's literature and I promised you that I would see to it that I. G. Farbenindustrie A. G. cooperate in filling this gap. I have not forgotten this promise, but frequent trips in recent years have delayed my selection those books.

I trust that the friendly relations which were then established may be continued, and I am glad, therefore, to know that it was possible, in cooperation with the "German Foreign Book Exchange" (Deutsche Ausländischen Bushtausch) to assemble a small book collection which has now been shipped (to you) as a commemorative token of appreciation. This collection of books will be handed to you by the manager of our agency in Rio de Janeiro, Mr. Max J. H. Hamers. I trust that the books of the Regional Group may provide many a pleasant hour of entertainment and remain with best wishes for the New Year, and

Heil Hitler.

Yours very truly,

(Penciled insertion (S) MAX ILGNER.

EXHIBIT No. 20

EXTRACT FROM MINUTES OF BAYER "DIREKTIONS BESPRECHUNG" ON ADVERTISING IN JOURNALS HOSTILE TO GERMANY, FEBRUARY 16, 1938

Date: February 16, 1938.

Page: 2.

Par.: 84.

Subject: Advertising in Journals Hostile to Germany.

This shall on all terms be avoided. Commercial and advertising considerations have to be put in the background as compared with the more important political point of view.

From files of Direktions Abteilung, Leverkusen, 9/5/45.

German original retained in bound volume "D B 1938," Leverkusen (British zone).

Translation by S. Sgt. William Freundel.

H. K. DREMAN.

FRANKFURT, Sept. 15, 1945.

EXHIBIT No. 20-a

TELEGRAM, DATED FEBRUARY 9, 1939, CONCERNING CONTRIBUTION OF FARBEN FIRMS TO GERMAN LEGATION IN MEXICO

[Translation: Dobbek/Hild]

From: Cia. General de Anilinas, Mexico.

Telegram: Words: 33. Dated: 2.9. Received on: 4.9.1939.

In case of war

Legation

asks German firms Mexico

to let them have monies

on a loan basis

amounts

shall be refunded by German Government stop

Please authorize monthly payments

Pes. 10,000.—

on behalf of all I. G. agencies stop

Mexico press

must be influenced

Proposed monthly amount

all I. G. agencies

Pesos 200.—

please wire

Board agreeable

Dr. Overhoff informed:

5/9 V. L.

EXHIBIT No. 21

LETTER TO FARBEN FROM AUFKLARUNGS-AUSSCHUSS, AUGUST 24, 1939, ON
ANTI UNITED STATES CAMPAIGN IN SOUTH AMERICA

[Translation]

AUFKLÄRUNGS-AUSSCHUSS

Hamburg-Bremen

(Beauftr. Dienststelle verschied, Reichsministerien)

Hauptgeschäftsstelle Hamburg

[Information Committee, Hamburg-Bremen (Official Agency of Various Reich
Ministries), Main Office—Hamburg]

Hamburg 11

(Stock Exchange Bldg., 3d Floor)

August 24, 1939

Mr. HERMANN WAEIBEL,

Commercial Counsellor, I. G. Farbenindustrie A. G.,

Frankfurt a. Main

MY DEAR MR. COMMERCIAL COUNSELLOR: One of the subject matters which constantly recur in the series of Spanish articles of the Information Committee, Hamburg-Bremen, is the

Fight against USA in South America

We have been in a position to secure in the *entire Ibero-American Press* current publication of a great number of articles, news, and notices relative to this subject matter.

A compilation encompassing the reprints which appear in all the South American states would be too voluminous in order to give a *partial survey* of the results of our endeavor in this special field, we have, therefore, compiled in the attached list, all the publications which we were able to secure in the press of

ARGENTINA

on the strength of material connected with the topic "Fight against U. S. A. in South America" from November 1, 1938, to March 31, 1939.

This long list shows in its first section a synoptic review of publications directed against the United States in the papers of *Buenos Aires* whereas the second section covers reprints in the *Argentine Provincial Press*.

We also wish to call attention to the fact that the enclosed list includes, of course, only part (even though an important part) of the publications which during such period could be effected by the Information Committee in Argentina. In addition to the copies relative to the topic "Fight against USA" which serve as documentary evidence and are mentioned in said list, we have in our files numerous additional reprints of general political, economic, cultural, and technical essays the publication of which has been caused by us in Argentina.

Heil Hitler!

INFORMATION COMMITTEE, *Hamburg-Bremen.*

(Signature)

Business Manager.

(A pencil notation, which is not clearly legible, reads in translation as follows: Director Dr. Overhoff, does this involve outstanding newspaper(?) followed by initials.)

EXHIBIT No. 22

LETTER FROM FARBEN TO AUFKLARUNGS-AUSSCHUSS, SEPTEMBER 22, 1939, ON
ANTI UNITED STATES CAMPAIGN IN SOUTH AMERICA

[Translation]

FRANKFURT ON THE MAIN, *September 22, 1939.*

Dr. JOHANNSEN,

Information Committee, Hamburg-Bremen,

Main Office, Hamburg Stock Exchange Building,

Third Floor, Hamburg 11.

MY DEAR DR. JOHANNSEN: I hereby wish to thank you cordially for your letter of August 24, and for the proofs, enclosed therewith, of publications which appeared in Argentina.

In connection with this particular matter I should like to state that, according to our information here, the Argentine papers which were chosen for these publications have, in comparison with the major daily newspapers, a very small number of readers, and consequently are not particularly effective. Especially in view of the attitude of a large number of Argentineans and Argentine publicity, I doubt that these channels would lead to the desired result. Among the newspapers which, in view of their circulation, appearance, etc., have a decisive influence in Argentina on the trend of public opinion, I wish to mention the following:

- "La Prensa,"
- "La Nacion,"
- "La Razon," and others.

As to "Prensa" and "Nacion" I am inclined to think that—in contrast to the vast majority of the remaining papers of the Latin-American press—they have their own foreign correspondents in Berlin. It would certainly be very important to provide these foreign correspondents with the pertinent news material currently, if this were not already being done by the appropriate agencies.

If, as I can readily imagine, it were difficult to establish contact with the major newspapers in Argentina, I should venture to suggest that your confidential agent get in touch with ours,

Mr. Heinrich Homann,
La Quimica "Bayer", S. A.,
3102 Calle Cervino,
Buenos Aires 1/69,

in order to discuss what further steps should be taken. Anyhow, as far as I know, Mr. Homann is a member of the Central Press Committee of the German Chamber of Commerce.

With kindest regards and,
Heil Hitler!

(Signature.)

EXHIBIT No. 24

STATEMENT BY G. HANSEN, DATED SEPTEMBER 5, 1945, ON PAYMENTS TO GERMAN DIPLOMATIC AND NSDAP REPRESENTATIVES IN FOREIGN COUNTRIES

In accordance with arrangements made by the Zentral-Finansverwaltung (Central Finance Dept.), Berlin, and relayed to the agencies by Leverkusen, Bayer firms abroad made payments to German Embassies and to representatives of the NSDAP, as follows:

Country and date	Amount in foreign currency	R.M.	Paid to—	By—
Chile:				
11.3.40.....	Chil. \$ 400.000	49.079.80	Deutsche Botschaft, Santiago de Chile.	"Bayer" Santiago de Chile.
4.4.40.....	" \$ 400.000	49.079.80	do.	Do.
Mandschukuo: 20.5.40...	Yen 67.918	39.800.—	Deutsche Gesandtschaft, Hsinking.	"Bayer" Hsinking.
Brasilien:				
15.2.40.....	Ctos. 4.000	655.737.60	Deutsche Botschaft, Rio de Janeiro.	"Bayer" Rio de Janeiro.
11.3.40.....	" 2.000	327.868.80	do.	Do.
5.4.40.....	" 1.000	163.934.40	do.	Do.
9.5.40.....	" 1.000	163.934.40	do.	Do.
11.6.40.....	" 1.000	163.934.40	do.	Do.
11.7.40.....	" 1.000	163.934.40	do.	Do.
1.8.40.....	" 1.200	196.721.31	do.	Do.
19.2.41.....	" 1.800	295.081.92	do.	Do.
7.4.41.....	" 3.000	491.803.21	do.	Do.
21.5.41.....	" 1.000	163.934.40	do.	Do.
17.7.41.....	" 500	81.967.20	do.	Do.
22.7.41.....	" 500	81.967.20	do.	Do.
26.8.41.....	" 200	32.786.90	do.	Do.
16.1.42.....	" 1.000	163.934.40	do.	Do.
Voucher missing.....	" 3.000	491.803.21	do.	Do.
Total.....	22.200	3.639.343.75		
Argentinien: 19.4.40.....	Arg. \$ 180.000	118.677.40	Deutsche Botschaft, Buenos Aires.	"Bayer" Buenos Aires.

Country and date	Amount in foreign currency	R.M.	Paid to—	By—
Spanien: 11.12.42.....	Pts. 212 000.—	50 000.—	Ausl. Organisation der NSDAP, Ma- drid.	La Quimica, Bar- celona.
5.3.43.....	" 5 200 000.—	1 228 415.09	Deutsche Botschaft, Madrid.	Do.
8.3.43.....	" 1 000 000.—	235 850.—	do.....	Do.
8.3.43.....	" 5 500 000.—	1 297 175.—	do.....	Do.
22.3.43.....	" 62 000.—	14 622.64	do.....	Do.
9.4.43.....	" 7 500 000.—	1 768 875.—	do.....	Do.
9.4.43.....	" 3 115 000.—	734 672.75	do.....	Do.
13.4.43.....	" 5 002 148.71	1 179 756.75	do.....	Do.
	" 27 379 148.71	6 457 367.23		
∑.....	" 3 115 000.—	734 672.75		
	" 24 264 148.71	5 722 694.48		

For each such payment abroad, I. G. received the countervalue in R.M. in Germany from the German Foreign Office, and from the NSDAP in the case of the one payment to the A. O. in Spain.

I hereby certify that the above list is complete and correct to the best of my knowledge, and includes every payment made to or for the account of any representative of the German Government and NSDAP.

LEVERKUSEN, 5.9.45.

(S) G. HAUSEN, *Chief of the Bookkeeping Dpt.*

CHAPTER V¹

EXHIBIT No. 1

STATEMENT BY DR. VON SCHNITZLER, DATED AUGUST 15, 1945, ON FARBEN'S
POLICY OF AGGRESSION

AUGUST 15, 1945.

Beginning with the peaceful conquest of Austria and Czechoslovakia (Sudetenland) and continuing with the military conquest of the remainder of Czechoslovakia, Poland, Norway, Holland, Belgium, and France (with the peaceful conquest of Denmark following in between) and also in regard to the Southeastern countries, it is the primary purpose of the German government to incorporate the economies of those countries to the purposes of Germany. This undoubtedly meant that these countries must work for the German war machine. The principle from the first was "Führer" but that these countries must do it themselves. I remember that Mr. Schlotterer, Ministerialdirigent of the Reichswirtschaftsministerium announced this principle, in a meeting of the Beirat (advisory committee of the Reichsgruppe Industrie) after the conquest of France. I. G. also acted in accordance with this slogan.

The rapid accommodation of the Austrian industry to Goering's 4-year plan was amazing. Based on the water power of Austria which, of course, was relatively expensive, a substantial industry of manufacturing products in the metallurgical field was at once started. There were at least three big enterprises between Vienna and the Czechoslovakian frontier erected for the manufacturing of processed goods in the metallurgical field, and I. G. itself was planning in last summer in connection with the Moosbierbaum plant of magnesium to become interested in one of them. 12,000 t. of magnesium being projected for Moosbierbaum, that should mostly be converted in finished goods in Austria itself.

Furthermore the oil production in Austria was developed and at a certain time one had hopes that the oil fields in the north of Vienna could become a second Pennsylvania with the yield of 6-7 million tons of oil. I. G. took certain interest in that field too in the form of participations on which Dr. Bütefisch at once reported in the Vorstand. He can give every detail about it. Later on the excessive hopes did not materialize and, I think, the Austrian production remained at somewhat at 1 million tons. I. G. in Moosbierbaum did erect a hydrogenation plant which was destined to transform this Austrian oil and eventual oil coming from the Southeast up the Danube into highly octane gasoline for aviation purposes.

In the nitrogen field a plant of 50,000 ton was built up in Linz which was financed in the form of an "Umlage," taken from the producers in accordance with their participation in the turn-over of nitrogen.

Still the Austrian industrialization in such a sense was only at the beginning because for the future one expected to get cheap coal from upper Silesia. This, of course, only could be materialized after the construction of the Oder-Donau Kanal. In Austria water power and coal was very expensive because of the high costs of transportation and, of course, the water power was not yet written off. But for the future one expected that both items for an extensive industrialization would be obtainable at competitive costs to the other German "Industrie-Revier". The highly skilled Austrian population offered a labor potential which the government had decided to use to its full extent. The contribution of Austria to the war machine was very substantial, more in finished goods than in so-called commodities. Goering became very unpopular in Austria because when delivering there his first speech in Spring 1938, he said: "Now it's over with the "Gemütlichkeit" (comfort), you must spit in your hands and go to work," which was resented because in Austria a highly developed finished industry has always been existing.

I. G. took the newly founded Donau-Chemie A. G. as an "overcoat" to buy huge land property in the so-called Tulln field which was a small city about 20-30

¹ Exhibits 3, 4, 5, 6, 8, 9, 10, 11, 14, 15, 16, 17, 18, 23, 24, 25, 30, 31, 32, 33, 34, 35, 40, 43, 45, 46, and 48 are on file with the Committee.

km. up the Donau from Vienna and was excellently situated for industrial development. Goering-Werke erected iron and steel plants, I think, in Linz which were connected with the nitrogen plant.

In general one always wanted in Austria to have Austrian companies on the spot and that was the reason, too, that I. G. took Donau-Chemie as an overcoat, but under that overcoat the big manufacturing plants in Moosbierbaum should be run directly and were run directly by I. G., so for instance the hydrogenation plant and the projected plant of Moosbierbaum.

The German industry tried to penetrate and generally did it in the same way as I. G. did. "Reichsdeutsche" were not popular in Vienna, generally speaking, and it was interesting to observe that most of them had left Austria again when war came to its end.

In Czechoslovakia the private industry in general was not allowed to develop an industrial activity, all the available lignite mines being taken over by Herman Goering Werke, and so was the huge plant in Brux where more oil was produced than in Leuna. They wanted to achieve 700,000 tons. All of this was done by the Goering works, and this was based on the lignite districts of Brux and Dux, where some 16-18 million tons of lignite were mined.

The Skoda works were developed enormously. Herman Goering Werke took a participation in the Skoda Werke as well. The Czechoslovakian contributions in the direct "Rüstungsindustrie" were very important. A part of Skoda, Prager Eisen, Ringhoffer, and then the famous iron works near Morava Ostrava in which the Rothschilds held 50% which were also taken over by Goering Werke, did supply an enormous contribution to the war machine.

The way by which these different Nazi governmental instrumentalities like the Goering Werke and the S. S. entered Czechoslovakia's industrial economy was highly to be blamed as it materialized practically as a looting of private interest.

I. G. did not participate in this whole domain and remained solely on its 50% participation on Chemische Werke Aussig-Falkenau. These works developed only modestly because their coal and power basic was too small to allow strong development, and a part of that Chemische Fabrik von Heyden was neither willing nor able to make money investments. Goering took everything over for himself so that there was no opportunity of the I. G. technicians to develop anything in Czechoslovakia.

In regard to *Poland* at first Goering wanted to take everything. He laid hand on the whole mining industry as far as it was not German private property or American one. He did not want the so-called big industry to be participated. A word is reported of him: "Natürlich Giesche's Erben, die wollen wieder erben, aber daraus wird nichts, und die I. G. bekommt schon garnichts." But at least things developed in quite another way as I. G. was asked by the government or by Krauch to start in an enormous industrial development in creating two entirely new works, one in Heydebreck, in an old German territory, that means a territory which was allotted to Germany by the plebiscite in 1931, near the frontier, and the second in Auschwitz between Kattowitz and Krackau on Polish territory. The industrial conditions because of favourable location were so promising that we could not decline the invitation to start new industries in these places. The two biggest items in it were the buna in Auschwitz and then, of course, the hydrogenation in Heydebreck and in Auschwitz. Heydebreck is practically another Oppau.

I have already made a statement regarding I. G.'s taking over of the Polish dyestuff industry.

In *Norway* two big enterprises were planned for the Luftwaffe, one through the Reichsgesellschaften called first NORDAG and later on HANSA Light Metal for Aluminium, and the second NORDISK LETMETALL, a joined factory of I. G., Norsk Hydro, and Luftwaffe. The first was given up and never materialized, but after having spent hundreds of million marks for the plant of which I. G. was interested, it was destroyed by air raids and never came to work.

The idea was to use the Norwegian water power which offered still great possibilities, and the clay necessary for the production of aluminium was of Norwegian origin just as well.

In regard to *Holland* and *Belgium*, there is no doubt that the industries of those countries were also used for the German war machine.

The *French* contribution to the German war machine was tremendous. First in the agricultural domain it was said that from France to Germany more cereal products came than from all the eastern territories together. But the industrial performance of France was also very important mostly in such finished articles

where not much coal and power were used. In France the contribution of the chemical industry for the aforementioned reason was more or less modest. I would cite especially the tire industry and the motor-car industry, especially the Renault Works, for their tremendous contribution to the German war machine. In the first part of the war textile industry based on important stocks could also give a substantial contribution.

In regard to the *Southeastern countries* the same principle of the complete accommodation of their industries to the German war machine was aimed. But the industrial capacities of those countries being relatively poor, the main concentration was in regard to agricultural products and certain raw materials, like pyrites from Mindebor in Serbia, and then chrome ore from Bulgaria and Greece, and, of course, oil from Roumania.

The different Dynamit-Nobel participations in those countries supplied the axis army with powder and explosives.

Side by side with Germany's tremendous utilization of the industries of the conquered countries for the German war machine there came to be a great German penetration of the economy of the conquered countries largely by such governmental instrumentalities as Goering and the S. S. I. G. played an important part in adapting the economy of the conquered countries to the purposes of the German war machine. Also I. G. acquired companies, increased its participations in other companies, and made important new capital investments in the conquered countries.

G. VON SCHNITZLER.
(Signature:)
(Position in I. G.:)

EXHIBIT No. 2

STATEMENT BY MR. ILGNER ON FARBEN'S POLICY OF AGGRESSION

AUGUST 15, 1945.

The general policy of the Nazi government in respect to the conquered countries was to take as much out of those countries as possible. At all times the prime objective of the Nazi government in regard to the conquered countries was to utilize the economics of those countries for the purposes of the Nazi war machine. In practically all of the conquered countries, such Nazi institutions as the Hermann Göring Works and the S. S. seized valuable properties of tremendous importance in the armament field. In my opinion what they did was poor and pure loot. For example, I know, that in regard to the Manfred Weiss Corporation in Budapest, the S. S. compelled them to sign an agreement transferring all of the properties to the S. S. This is an outstanding example of loot. I mention it because I heard of it in Budapest. In regard to the chemical and related industries of the conquered countries, I. G. played an important role in adapting the industries of those countries to the purposes of the Nazi war machine of all German chemical firms. I. G.'s part in adapting the chemical industries of the conquered countries to the purposes of the Nazi war machine was by far the most important. I. G. acquired new companies, augmented its participation in other companies and made a tremendous amount of new capital investments in the conquered countries.

(Signed) M. ILGNER.

EXHIBIT No. 2-A

SPEECH BY DR. VON SCHNITZLER IN VON WERK ZU WERK, JUNE 1939, ON FARBEN'S POLICY OF AGGRESSION

[Translation: Tidow/Spies]

My comrades: When I spoke to you one year ago, just a year had passed since the return of the "Ostmark" (Austria) to the Reich. The last 1st of May was therefore for us all a happy day, on which we celebrated for the first time together with our brothers in Austria, in the new created Greater Germany, the "National Labor Day."

Now another year has passed, a year in which other great events took place, the historical importance of which we cannot yet really estimate. The Sudetes and the Memel district, both regions formerly of German folklore, have become again a part of our country, and in Bohemia and in Moravia the political good

eye of the Führer has, by the creation of the "Reich's Protectorate," made an arrangement which, instead of troubles and political tensions, has brought order and peaceful conditions, and with them new economical possibilities. In the same way as at the return of Austria to the Reich, we have now again to incorporate what our politics have won into the economical life of Greater Germany, and to make use of it for all parts of our whole economics. The German industry, and specially our chemical line, receive thus again big tasks. As to the chemical industry in the Sudetenland the "Aussiger Verein" which is very up to date in all branches of the chemical production, has the greatest importance. Besides this the "Aussiger Verein" has developed a certain activity in the most modern chemical lines, as the manufacture of synthetic rubber and casein wool, as well as the liquefaction of coal. It will be particularly interesting for you to learn that a German group, in which our I. G. has a 50% participation, has taken possession of the two big "Sudeten-German" undertakings of Aussig and Falkenau. Many other "Sudeten-German" establishments will too work from now for the "Four-Years Plan," and new plants will give new life and new work to this productive industry district. First of all the common export must be taken into consideration, the "Greater German" industry, especially in the Southeastern part having in view to increase the number of its customers. Also the creation of the "Reichs Protectorate" over the countries Bohemia and Moravia has important economical effects.

By the cession to Germany, Hungary and Poland, neither the unhappy geographical form nor the economical structure of formerly Czecho-Slovakia had grown healthier. This long-stretched state in the heart of Europe was a wedge between two so important parts of the "Greater German" Reich as are Austria and Silesia. The change brought about by the Protectorate, makes it on the other hand possible that the territories which had been separated in autumn 1938 complete each other again, and there is no doubt, that their economical union will, in the long run, be favourable for the Czechs too. The population of Austria, of the Sudetes and of the territory of Bohemia-Moravia attains only a quarter of the population of the "Old Reich," the consumption of chemical products is, however, less than $\frac{1}{10}$, and the production nearly $\frac{1}{16}$ of that of the "Old Reich." The consumption in the new districts has thus to become about the triple of what it has been, if the state in the "Old Reich" shall be reached. This is especially the case for the agriculture. The consumption of fertilizers amounted in Austria only to $\frac{1}{2}$, in Bohemia and Moravia only to $\frac{1}{3}$ of the average consumption of fertilizers in the "Old Reich." The additional consumption of fertilizers and insecticides can easily be supplied by the already existing plants in the "Old Reich." The union can thus in a short time bring an increase of the agricultural production. As to the industry, a great part of work has to be done by the chemistry in order to supply the relative large requirements of raw materials in the new district. In the same way as for cellulose and spun rayon, it will be necessary also in the lines of synthetic rubber and new plastic materials that the German chemical industry produces sensibly more than before in order to supply the industries of the Central European territories. If this task is carried on successfully, and if the standard of life is improved by the delivery of goods to the new districts, the German chemical industry will have furnished a very important constructive assistance. We all have to contribute to the success of this constructive work, and that our Greater German house will be such that it stands fast and firm for all times. It will be necessary in future that we endeavour, as we did already these last years, and continue our efforts to fulfil these tasks entirely.

Special efforts will in future perhaps sometimes be necessary, for you know all, my comrades, that we are in Germany already now short of workmen, owing to the many problems which have to be resolved for the best of our people. Unemployment which was some time ago a big trouble in our economical life and in the life of a great number of our fellow workmen, has disappeared. The bold projects of our Führer have created unforeseen possibilities of work so that the procuring of work is no longer the question; on the contrary, the serious trouble is at present how to find enough men securing by their capacities and their zeal the execution of the tasks of the German industry. It will therefore not always be possible in future in the German economy to compensate more work in employing more men. It is indispensable that the efforts in general must be increased. This has even become a question of life in Germany. But I know that you all, as ever, will readily fulfil all coming requirements, in order to contribute by your acts to the further growing of our industry.

My comrades, if you think on this 1st, of May of our work of these last years, you will see that also in our firm here the German economical development since

1933 is plainly reflected. The improvement of the capacity of consumption and the new gained confidence brought particularly on the home market good business successes. The export offered, however, as you know, many contrarities and difficulties. But our departments for the sale of dyestuffs and chemical products have, notwithstanding all difficulties, always considered the furtherance of our export as their first task, and they endeavoured also last year again and again to attain the highest possible export figures. If our sales departments are so seriously conscious of their task, they fulfil thus, in my opinion, one of the principal duties vis-à-vis the German people and our whole economy. The wish to replace the up to now imported raw materials, if possible by German goods, has, chiefly in the line of chemicals, caused the development of many new products. I name as instance only the wide field of plastic materials. Sometimes it was also necessary to establish new departments or to take other measures of new organization according to the change in the sales requirements. Also in the line of dyestuffs and auxiliaries for dyeing new important products were started, and the refining of the quality and the enriching of the assortments progressed considerably. A particularly good illustrative picture of the increase of the work volume and the positive development since 1932 also in our firm—1932 being the time of the greatest economic depression—results from the fact that the personnel of our house was increased by about 900 employees on April 1st, of this year compared with January 1st, 1933; the 3,000 men limit has thus been sensibly exceeded.

My comrades, if the success is welcome and important for business, it is at least as important that there reign in the firm the right principles, and I am glad to be entitled as the manager of our firm to say that also during the passed year there was always in our house a good national-socialist spirit, a spirit of confidence and understanding among the personnel and of the personnel towards the business management. Such an absolute confidence is the basis for every cooperation, for the joyous working of everybody, and finally also for the professional progress of every employee. That every able employee will make his way is the wish of the business management. We understand fully the justified desire, to advance by ability and zeal into a better position, I think even it is one of the most important duties of the business management to take care that under no circumstances able employees will be hindered to get on. To defend this is not only a requirement of social justice, but also of good sense, for only an understaking in which by selection of the best the business management is always completed, will be, in the long run, successful. No means can better serve this purpose than the trial of the employees by a practical competition in the "Reichsberufswettkampf." In this competition of abilities neither birth nor protection are looked upon, but only the self-done work. The "Reichsberufswettkampf" gives every employee the possibility to examine his knowledges and prevents that he becomes one-sided and loses thus the necessary mobility for an eventual other employment. It is thus in the interest of all those who desire to get on—and I think that most of you have this wish—to take part in the future competitions and to prove by the result their abilities. In future, as I said already, we shall make depend the improvement of the position of our employees also on their having participated in these competitions. In order to make things quite clear, I want to point out that the results of the competitions will not be to the disadvantage of anybody, but will be taken into consideration only in the interest of those who have shown good capacities.

I am glad to state that my appeal of last autumn to take part in the "Reichsberufswettkampf" of this year has had a nice success, and that this time about 1,200 persons have sent in their names, that is to say about three times the number of last year. All our apprentices took part for the first time without exception. The result of the competition is, if we consider that this is only a beginning, to be called satisfactory. Among the participators 56 were the best of our town (Ortsbeste), 13 best of the district (Kreissieger), best of the "Gau" were Miss Margrit Lins of our "Casino" and the apprentice Theodor Schäfer. This morning I learnt that Miss Lins has become national winner (Reichssiegerin). In the name of all our firm I offer her our best congratulations. As reward for the winners the business management, together with the "Vertrauensrat" (Advisory Board of personnel), has resolved to enable the district and "Gau" winners to participate in a voyage with "Strength through Joy," the "Gau" and national winner, Miss Lins, will get moreover a special training allowing her a quicker professional development. We shall dispense the "Gau" winner Theodor Schäfer furthermore with 6 months of his three years' apprenticeship.

Dear Comrades, a year, rich in work, but also rich in nice successes has passed. I want to thank you all very much in the firm's name for your ready cooperation

during this year. I want to say also many thanks to our "Betriebsobmann" Grosch and to all cooperators of the "Vertrauensrat" (Advisory Board of personnel), who by their disinterested and unselfish activity have so much contributed that the work in our firm has always been so harmonious. We all will endeavour to do our work also in future in the same spirit, for it is thus we'll thank best our beloved Führer Adolf Hitler. Heil Hitler!

EXHIBIT No. 7

STATEMENT BY DR. VON SCHNITZLER, DATED AUGUST 21, 1945, ON THE RESULTS OF FARBEN'S ACTIVITIES

On order of the Nazi Government with the annexation of Austria and Sudetenland and later on with the annexation of Bohemia and Moravia in these newly conquered countries the economic system applicated in Germany at once was introduced.

Rearmament production had to replace the normal production for peace consumption and in a very short time the stocks were exhausted which in both countries were still available when the German troops entered into them.

The German troops themselves and dealers following them tried to acquire as much as possible of whatever was available in imported goods—textiles, coffee a. s. o. which had yet become scarce in Germany—and the domestic production was transformed from a platform of highly qualified export industry into goods serving the rearmament purposes. This process developed with a rapidity which even surprised the economic circles themselves which were acquainted with the preceding development in Germany, and it was also surprising, how quickly the standard of living in these countries was adapted to the one existing in Germany. And this not only happened in the industrial field, but in the agricultural just as well. Butter and "ham of Prague" disappeared from the market as quickly as coffee and chocolate and even meat in a short time became meager because the foreign-imported fodder was exhausted.

The workmen for instance in Aussig realized very soon that their nominally higher income represented in buying capacity a step backwards and the hardship of daily life to the population very soon became apparent.

The rearmament process materialized in such a way that first the capacities not entirely employed became used in full; for Austria as well as for the Sudetenland huge plans for war production were at once set up, for Austria the Hermann Goering Werke at Linz, in connection herewith a Nitrogen plant for 50,000 tons N, the utilisation of water power and the enlargement of the many different metallurgical works in Vienna, Wiener Neustadt and Steyr—in Sudetenland the great hydrogenation plant in Brüx set up for 700,000 tons of oil-gas, which were nearly completed at the end of 1940. I. G. participated in this development with the great factory in Moosbierbaum near Vienna, which of course only made very slow progresses and was far from being terminated when war came to an end.

For my opinion one cannot speak of a displacement of industries from the West to the newly conquered countries, the industrial capacities and the industrial possibilities of these countries were used as an additional asset to the existing potential.

FRANKFURT, 21.8.45.

(Signed) G. VON SCHNITZLER.

EXHIBIT No. 12

REPORT ON AUSTRIA FOR THE MEETING OF THE MANAGEMENT COMMITTEE ON OCTOBER 21, 1938

[Translation]

Confidential

[Penciled insertion:] Incorporate into files of Donauchemie.

1931/32.—Insofar as individual I. G. agencies are concerned, Austria and more particularly Vienna had already for a few years, and especially since the beginning of the currency and exchange difficulties in 1931/32 occupied a unique position

in relation to Southeast Europe. This unique position was essentially reflected by the two following facts:

1. The sales organization for chemicals in Austria, i. e., "Anilinchemie," Vienna, handled not only the Austrian market but was likewise called upon to attend to certain assignments in Southeast Europe.

2. The head of "Anilinchemie," Vienna, was competent [to act] in his capacity as "Zefi"¹ confidential agent, and simultaneously had jurisdiction in said capacity (particularly with respect to matters of export and transfers of sales proceeds) over the remaining Southeast European countries jointly with the respective local representatives.

1936.—As a result of a suggestion which has for years been made by the head of "Anilinchemie" to bring about closer ties with "Skodawerke-Wetzler A. G." (S. W. W.), coupled with the necessity of changing the personnel and organization of "Anilinchemie," (Mr.) G. Schiller, Berlin NW 7, is being sent to Vienna.

March 13, 1938.—The assignments inherent in the reorganization of the personnel of "Anilinchemie" (Aryan problem), entrusted to Schiller by the "Verkaufsgemeinschaft Chemikalien" [Sales Syndicate Chemicals] and I. G. Berlin NW 7, and the liquidation of the transactions initiated by Roth in line with the promotion of exports, were carried out essentially or in principle, at the time of the political change [Umbruch].

The negotiations conducted since 1936 with a view to acquiring a controlling interest in S. W. W. have not as yet been concluded definitely since various I. G. agencies have had interests of varying scope. The conclusion of said negotiations, however, is close at hand.

March 13 to May 5, 1938.—The management officials of both the "Creditanstalt" and S. W. W. with whom the negotiations for the acquisition of shares have hitherto been conducted, are being changed. We are facing a new situation.

In addition, a great many members of the management of the enterprises of "A. G. Dynamit Nobel Pressburg," which are located in Austria—especially Philipp—are resigning.

In order temporarily to continue the business of both S. W. W. and the Austrian enterprises of Dynamit Pressburg, and in concurrence with the appropriate authorities, I. G. and D. A. G. Troisdorf are making available G. Schiller.

May 5, 1938.—(Mr.) Rafelsberger, State Commissioner for Private Industry in Austria, places Administrators (commissioners) von Odelga and K. O. Schiller in charge of all the enterprises and sales organizations of I. G. and Dynamit Pressburg, which are located in Austria.

May 7, 1938.—Ilgner, Krüger, Gattineau, and G. Schiller carry on discussions with President Kehrl and Chief Governmental Councillor (now Ministerial Councillor) Bergemann at the Reich Ministry of Economic Affairs, and submit information to State Secretary Brinkmann.

May 9, 1938.—Ilgner is authorized by I. G. and D. A. G. Troisdorf to conduct negotiations with State Commissioner Rafelsberger in Vienna.

May 10-13, 1938.—Ilgner, Haefliger, Kugler, Meyer (D. A. G.) Gattineau are in Vienna. Negotiations and discussions with all agencies entering into consideration, and more particularly with Reich Commissioner Bürckel, Economics and Finance Minister Fischböck, Mayor Neubacher, State Commissioner Rafelsberger and the latter's Field Director Dr. Bilgerie, President Kehrl and the latter's collaborator Dr. Veessenmayer, and with German Labor Front Administrator Nemeč in Austria.

The principal reason for the appointment of the administrators (commissioners), in addition to many other essentially psychological reasons, turns out to be a marked dissatisfaction among the workers and employees of the individual Austrian enterprises, especially (among the workers and employees of) Deutsch-Matrei and Osterreichische Dynamit with respect to social and personnel matters (Aryan problem). Considerable tension developed among these workers and employees, as a result of the fact that during the years 1933 to 1938, I. G. and D. A. G. practically did not exert any influence on the business management because the interest held through Czechoslovakia barely amounted to a majority of shares. All these reasons in conjunction with the negotiations concerning S. W. W. which, from a technical point of view, had become very difficult, aroused in the State Commissioner the impression that I. G. pursued objectives contrary to the general guiding principles and more particularly that I. G. intended to shift the Austrian enterprises to the Old Reich instead of developing the same and to replace the available Austrian employees by German nationals.

¹ [I. G. abbreviation for "central finance."]

May 13, 1938.—On May 13, 1938, the administrators (commissioners) are withdrawn after clarification and disposal of all acute cases and on the strength of an agreement with the State Commissioner for Private Industry, pursuant to which changes in leading positions shall be made only by mutual agreement, and according to which furthermore a representative with full powers of I. G. for Austria, who shall be in permanent contact with him, is appointed for the duration of the political reorganization [Umstellung].

In connection with the acquisition of S. W. W. approved, in principle, by the authorities, I. G. undertakes to modernize and develop the existing enterprises in Austria, and, if possible, to provide a more elaborate basis for production by establishing new plants. The formal document by which the State Commissioner expresses approval among other things of the acquisition of the S. W. W. shares, is attached hereto as Exhibit 5.²

In concurrence with State Commissioner Rafelsberger, former Administrator (Commissioner) von Odelga is assigned to us at our request in order later to handle personnel and social matters of "Donau Chemie A. G.," which is to be [newly] established, and at the same time to act as head of the branch office of the Politico-Economic Division (NW 7) in Vienna.

May 24, 1938.—Ilgner's report is submitted to the Business Committee. Ilgner is appointed with full powers to act on behalf of the Business Committee in Austria and Southeast Europe and Fischer—temporarily represented by Gattineau—is appointed with full powers for Austria with temporary headquarters at Vienna.

June 17, 1938.—Ilgner's report is submitted at the meeting of the Management Committee. Acquisition of the S. W. W. shares is approved on the basis of a report to be drawn up by "Deutsche Revisions- und Treuhand-A. G.," to exclude the Austrian enterprises of Dynamit Pressburg [from membership]. It is decided to set up "Donau Chemie A. G." by combining the following enterprises into one manufacturing company: the enterprises of Skoda-Wetzler (Moosbierbaum Plant and subsidiary Wagenmann, Seybel & Co. with the Liesing Plant) and Carbidwerk Deutsch-Matrei A. G., which belongs to the Dynamit Pressburg group (with Brückl and Matrei Works (not in operation) and subsidiary "Osterreichische Kunstdünger-, Schwefelsäure- und chemische Fabrik A. G." with the "Deutsche-Wagram" [Plant]. The interest of Carbidwerk Deutsch-Matrei in "Continentale Gesellschaft für angewandte Elektrizität" shall be transferred as interest in "Donau Chemie A. G." Donau Chemie A. G. will also take charge of the operational and administrative management.

The enterprises of Dynamit Pressburg which are located in Austria and which fall within the scope of activities of the Explosives-Powder Group, shall also be excluded [as members] and shall in the future be administered directly by D. A. G. Troisdorf.

Subsequently Kühne and Bütetisch report at the meeting of the Management Committee on the status of technical development of the plants and on the present intentions to carry out new projects and/or develop and improve existing production facilities.

REMARKS OF DR. KÜHNE

The status of the technical development of the Moosbierbaum, Liesing, Brückl, and Landeck plants is not bad. The management of the same is likewise in order. These plants and their production are, of course, small in comparison with I. G. plants. It seems possible, however, to operate these plants profitably even on the basis of today's production provided that the vast general expenses which were inherent in the administrative organization at Vienna are considerably reduced and that a few manufacturing operations which result in losses will be discontinued.

Of course, the operational costs of the plants will at first increase considerably due to the fact that, in contrast to the Viennese administrative agencies, the officials at the plants have received small salaries. In this respect, as well as in part with respect to the workers (in the latter instance, however, only through trustees) improvements will have to be made. It is further necessary to improve and/or provide rest rooms, baths, etc., which in part are quite insufficient, unpleasant, or even lacking. In addition, living quarters for the workers are required which should possibly be built in cooperation with housing companies.

At the beginning, all these measures will certainly not result in a pleasant picture on the balance sheet. It is expected, however, that in line with the industrial revival of Austria manufacturing will expand and new types of produc-

² Not available to translator.

tion will be brought about (expansion of SO₃ facilities is already being contemplated) so that the increased operational costs can also be borne.

Appointment of Kühne and Bütetisch as authorized agents for all basic technical matters in Austria within the framework of new tasks while the services of Sauer are engaged for matters involving hydraulic power.

June/July 1938.—Negotiations with "Creditanstalt" with a view to closing the deal relative to the acquisition of the Skoda-Wetzler shares. The opinion of "Deutsche Revisions- und Treuhand A. G." which was secured at the request of State Secretary Keppler and State Commissioner Rafelsberger, included an appraisal amounting to 210%. Considering especially the reduction in value resulting from the decrease of prices for chemicals, and the investments which are still to be made, the negotiations reveal that a transfer price at the rate of 180% seems to be justified.

July 4-10, 1938.—Müller, Ilgner and Fischer are negotiating in Budapest with the "Pester Ungarische Commercialbank" [Hungarian Commercial Bank of Pest] (which holds a 30% interest in Dynamit Pressburg and [with] Philipp (Dynamit Pressburg) in regard to the acquisition of the Austrian enterprises of Dynamit Pressburg, [to wit]:

(a) 100% Carbidwerk Deutsch-Matrei A. G.—with subsidiary interests 100% Österreichische Kunstdünger-, Schwefelsäure und chemische Fabrik A. G., 68.3% Continentale Gesellschaft für angewandte Elektrizität.

(b) 100% Österreichische Dynamit Nobel A. G.—with subsidiary interests 37.9% Enzesfelder Metallwerke A. G., 12% Ipari A. G. für industrielle Sprengstoffe Budapest, 20% Erste Rumánische Sprengstoffgesellschaft Bucharest.

The preliminary contract of I. G.-Dynamit Troisdorf-Dynamit Pressburg is signed: The purchase price amounting to approximately 2.9 million R.M., which is considerably below the value resulting from the balance sheets of the companies thus acquired, shall be paid in 25 annual installments by way of clearing against the Pressburg dividends accruing to D. A. G. Troisdorf on the strength of its 51% interest subject to approval by the German and Czech authorities.

In order operationally to coordinate all the enterprises located in Austria (excepting the powder/explosives field) even prior to the definite acquisition, Dynamit Pressburg agrees to the conclusion of a pool agreement between said enterprises and those of S. W. W., with the inclusion of I. G.

July-October 1938.—Renewed difficulties are being encountered in connection with the acquisition of the S. W. W. shares as a result of objections raised by the Army Munitions Office with respect to Sprengstoffwerke [plants producing explosives]. Blumau A. G. in which the Reich holds a 50% interest through the Austrian State, while S. W. W., as well as a private group (former directors of S. W. W.) hold a 25% interest each in the same. The Army Munitions Office wishes prior to the acquisition of the S. W. W. shares by I. G. to have the State (secure full [100%] ownership of) in view of the latter's production of military explosives.

Sept. 5, 1938.—Müller negotiates with the private group of Blumau shareholders. The shares are acquired.

The negotiations conducted subsequently thereto by Fischer, Meyer, and Gattineau with the Army Munitions Office, have finally led to the following result:

After taking over the 25% of the Blumau shares which are in the possession of S. W. W., I. G. will sell the same, together with the 25% interest acquired from said private group, to the German Reich (State of Austria) at the rate of R.M. 200,000. Sprengstoffwerke Blumau A. G. will in the future produce explosives and powder only for military purposes while the civilian quota of explosives will be filled by D. A. G. Troisdorf. I. G. undertakes to see to it that Blumau will also in the future be supplied with the necessary amounts of oleum and that technical advice will be made available to D. A. G. In consideration thereof, I. G. will receive a lump-sum compensation of R.M. 300,000. Considering the fact that the 25% Blumau interest was valued at R.M. 800,000 on the basis of the acquisition of the S. W. W. shares, I. G./D. A. G. enter into Blumau's rights to the civilian quota of explosives at a reasonable rate i. e. R.M. 400,000.

Sept. 21, 1938.—Ilgner, Meyer, and Gattineau negotiate with the Austrian Ministry of Finance in regard to the Blumau contract. A basic agreement is reached.

Oct. 4-6, 1938.—The Blumau contract is signed at the Austrian Ministry of Finance. The contract notes covering the acquisition of S. W. W. shares are signed by Buhl and Ilgner at the "Creditanstalt."

I. G.'s interest in S. W. W. now amounts to a total of 93.1385%. The equivalent of the shares acquired from the "Creditanstalt" amounting to R.M. 7,424,130 will be paid in five approximately equal, irrevocable annual installments bearing interest at the rate of 5%.

Oct. 6, 1938.—Ilgner and Gattineau negotiate with State Commissioner Rafelsberger in regard to management staff appointments for "Chemikalien Verkaufsgesellschaft [sales company for chemicals] Donau G. m. b. H. and for "Donau Chemie A. G." which still remains to be established. The approval which we have received gives us more liberty of movement, and makes it possible for us to fill the positions in accordance with the requirements of the business interests. The binding obligation assumed in principle pursuant to which all matters of importance concerning personnel have to be discussed with the State Commissioner, continues in effect.

Oct. 7, 1938.—Business Committee approves the appointments for the Board of Directors and the Management Committee of Donau Chemie A. G., following the approval already given by Dr. ter Meer on behalf of "Tea"³ on the strength of consultations with Dr. Kühne.

In this connection it appears advisable to combine the appointments made at the meeting of the Management Committee on June 17, 1938, under which Kühne and Bütetisch were entrusted with the handling of technical matters in Austria, with the appointment of Ilgner for the handling of general business matters in Austria and in Southeast European States (Business Committee [meeting] of May 24, 1938 and June 16, 1938), in such manner that this group will, in the future have jurisdiction, subject to consultation with the I. G. agencies concerned—especially Kugler in matters relating to dyes—over all general matters of interest to I. G. in Southeast Europe. Kühne conveyed also in this connection, the approval of ter Meer on behalf of the persons having jurisdiction over technical matters.

In connection with all these personnel matters the approval of the Central Committee and of the Management Committee shall be secured at the respective meetings.

Oct. 14, 1938.—The agreement with the Hungarian Commercial Bank of Pest and Philipp (Dynamit Pressburg) covering the acquisition of the enterprises of Dynamit Pressburg which are located in Austria, is signed by Meyer (D. A. G.), Gattineau, and Kersten at Budapest. The Reich Ministry of Economic Affairs has given its approval in principle. The approval of the Czech National Bank is still outstanding. Since the acquisition of both the S. W. W. shares and the Austrian interests of Dynamit Pressburg by I. G. has been agreed to in principle, the pool agreement which has been repeatedly discussed will now immediately be concluded in order to provide a centralized management for the different enterprises without delay. At the same time, the necessary steps preparatory to the establishment of "Donau Chemie A. G." are being taken; the absorbing firm is S. W. W.

Fundamental Observation

Considering the particular circumstances in Austria which, by reason of their experience all those entrusted with the conducting of the negotiations recognize in principle, it appears advisable, despite the existing distribution of ownership, not fully to coordinate forthwith the management of the two "Donau" [Danube] companies with the internal organization of I. G.

The "Chemikalien Verkaufsgesellschaft Donau G. m. b. H." will, therefore, not have the status of a mere sales agency, for it will have added to its regular activities a number of additional assignments, primarily because it is in this way that the close relationship between Vienna and the Southeast European sphere can best be utilized to good advantage. The sales of products manufactured by the companies which are parties to the above-mentioned pool agreement (later "Donau Chemie A. G.") shall be conducted in conjunction with the sales of products originating in I. G. plants proper—possibly also including products of firms which are not members of the syndicate—by the "Chemikalien Verkaufsgesellschaft Donau G. m. b. H." which—similarly as before in the case of "Anilinchemie A. G."—shall handle not only the Austrian market but at the same time certain assignments inherent in the sale of chemicals also in the remaining Southeast European countries.

It did not appear advisable to convert "Anilinchemie A. G." into said "Chemikalien-Verkaufsgesellschaft Donau G. m. b. H.". On the contrary upon the advice and in concurrence with the Austrian agencies, it was decided to liquidate "Anilin-

³ Translator's Note: Probably "Technical Committee."

chemie A. G." and to establish "Chemikalien-Verkaufsgesellschaft Donau G. m. b. H." as a new enterprise. In order to emphasize the Austrian character of the company, 30 percent of the corporate capital was taken over as trustee for "Donau Chemie A. G." by His Excellency Riedl, who is to become Chairman of the Board of Directors of "Donau Chemie A. G."

For similar reasons a formal appointment of a board of directors for the "G. m. b. H." [Ltd. Company] appeared advisable.

In the case of the manufacturing company, i. e., "Donau Chemie A. G.," the mere fact that I. G. does not control the different enterprises 100% results in the necessity of providing a business management which to the outsider appears to be more independent, not to mention the fact that a company so set up as an outwardly independent organization is a much more appropriate partner in many respects within the framework of the development potentialities in Southeast Europe.

In view of similar considerations, social matters shall likewise be handled independently.

Plans concerning the filling of positions for both the manufacturing company and the sales company were worked out in consultation with the appropriate I. G. agencies. In this connection, overstaffing of individual agencies could not be avoided, since it was necessary to take over all the workers and employees of the firms to be merged, including those of "Anilinchemie" which was to be liquidated.

This overstaffing was in part offset by the release of the non-Aryan employees, and will be further offset in the future by the fact that positions which become vacant will not be filled.

Exhibits I and II, which are enclosed herewith, shows the status of personnel (Governing Board or Board of Directors and Management Committee) of both "Donau" [Danube] companies in the following states: [first] the original status (i. e., prior to the political change), [second] the interim status (immediately after the political change), and [third] the status as it should be in the future.

Exhibits III and IV are graphic illustrations of the original organization of the S. W. W. and Dynamit Pressburg syndicates. A similar chart will be prepared for "Donau Chemie A. G." as soon as the preliminary work inherent in the foundation of this firm is completed.

Dr. I/Du

BERLIN NW 7, October 19, 1938.

EXHIBIT I. DONAU-CHEMIKALIEN-VERKAUFSGESELLSCHAFT M. B. H.

I. Organization prior to the political change ¹	II. Interim status	III. Final appointments
<p>ANILCHEMIE-AKTIENGESELLSCHAFT</p> <p>GOVERNING BOARD</p> <p>Hermann C. A. Seeböhm, Vienna; chairman. Comm. Coun. Wilhelm Roth, Vienna; vice chairman.</p> <p>Ludwig Hopfgartner, Vienna. Erwin Philipp, Vienna. Günther Schiller, Vienna.</p> <p>MANAGEMENT</p> <p>A. O. Moos v. Seiller, Vienna; manager. Dr. Salomon Unterberg, Vienna; manager. Joseph Gutherz, Vienna; authorized representative. Gustav Rössler, Vienna; authorized representative.</p>	<p>GOVERNING BOARD</p> <p>Ludwig Hopfgartner, Vienna. Günther Schiller, Vienna. Hermann C. A. Seeböhm, Vienna.</p> <p>BUSINESS MANAGEMENT</p> <p>Dr. E. v. Pongratz, Vienna; business manager and operational head. A. O. Moos v. Seiller, Vienna; business manager. Dieter v. Consbruch, Vienna; assigned to the management. K. O. Schiller, Vienna; manager and deputy operational head.</p>	<p>BOARD OF DIRECTORS</p> <p>Eduard Weber-Andrae, Frankfurt; chairman. H. E. Richard Riedl, Vienna; vice chairman. Walter Horstmann, Frankfurt. Dr. Max Ilgner, Berlin. Dr. Hans Kühne, Leverkusen.</p> <p>BUSINESS MANAGEMENT</p> <p>Dieter v. Consbruch, Vienna; business manager and operational head. A. O. Moos v. Seiller, Vienna; business manager. K. O. Schiller, Vienna; manager and operational head.</p>

¹ Umbruch.

EXHIBIT II. DONAU CHEMIE A. G.

I. Organization prior to the political change ¹	II. Interim status	III. Contemplated final appointments
<p>1. PULVERFABRIK SKODAWERKE-WETZLER A. G.</p> <p>GOVERNING BOARD</p> <p>Dr. Franz Rottenberg, Vienna; chairman. Josef Reither, Langenrohr; vice chairman. Baron Dr. Max Allmayer-Beck, Vienna. Marcell Goldarbeiter, Vienna. Rudolf Haas, Vienna. Ernst Heller, Vienna. Dr. Anton Petschann, Vienna. Felix Stransky, Vienna. Julius Simelis, Vienna. Friedrich Frhr. v. Tinti, Schloss. Pöchlarn (Lower Austria).</p> <p>MANAGEMENT COMMITTEE</p> <p>Com. Coun. Eng. Otto Englaender; Vienna, general manager. Eng. Isidor Pollak, Vienna; general manager. Eng. Julius Domaschintzky, Vienna; manager. Rudolf Frank, Vienna; deputy manager. Dr. Eugen Kerenyi, Mossbierbaum; operational manager. Eng. Theodor Engel, Vienna; authorized representative. Erwin Robitschek, Vienna; authorized representatives.</p> <p>2. CHEMISCHE FABRIK WAGENMANN, SEYBEL & CO. A. G.²</p> <p>GOVERNING BOARD</p> <p>Dr. Franz Rottenberg, Vienna; chairman. Com. Councl. Engr. Otto Englaender, Vienna. Dr. Anton Petschann, Vienna.</p> <p>Engr. Isidor Pollak, Vienna. Emil Seybel, Vienna. Com. Counclr. R. Uhlig, Vienna.</p> <p>MANAGEMENT</p> <p>Engr. Julius Domaschintzky, Vienna, manager. Rudolf Frank, Vienna; manager. Max Kellner, Vienna, deputy mgr. Alfred Neurath, Vienna; authorized representative. Eng. Alfred Schäfer, Liesing; authorized representative.</p> <p>¹ Umbruch. ² Inserted in pencil. ³ Chemical works.</p>	<p>1. PULVERFABRIK SKODAWERKE-WETZLER A. G.</p> <p>GOVERNING BOARD</p> <p>Baron Dr. Max Allmayer-Beck, Vienna. General Art. Eng. Gustav Geng, Vienna. Com. Coun. Otto Faltis, Vienna.</p> <p>Graf Herbert Hardegg, Vienna. Eng. Franz Menzel, Vienna. Dr. Rudolf Pfeiffer, Vienna. Philipp von Schoeller, Vienna. Walter Weisshaeupl, Vienna.</p> <p>MANAGEMENT COMMITTEE</p> <p>Eng. Julius Domaschintzky, Vienna. Com. Coun. Eng. Otto Englaender, Vienna.</p> <p>2. CHEMISCHE FABRIK WAGENMANN, SEYBEL & CO. A. G.</p> <p>GOVERNING BOARD</p> <p>Baron Dr. Max Allmayer-Beck, Vienna. Engr. Julius Domaschintzky, Vienna. Com. Councl. Engr. Otto Englaender, Vienna. Emil Seybel, Vienna. Com. Counclr. Erwin R. Uhlig, Vienna.</p> <p>There is no separate management or business management.</p>	<p>DONAU CHEMIE A. G.</p> <p>BOARD OF DIRECTORS</p> <p>H. E. Richard Riedl, Vienna; chairman. Dr. Bernhard Buhl, Frankfurt vice chairman. Dr. Heinrich Bütetfisch, Leuna.</p> <p>Dr. Franz Fattinger, Vienna. Dr. E. R. Fischer, Berlin. Paul Haefliger, Frankfurt. Dr. Max Jlgner, Berlin. Dr. Paul Müller, Troisdorf: Attorney-at-law Richter. Dr. Edmund Veesenmayr, Vienna. A representative of the Osterreichische Credit-Anstalt [Bank]. One post for a representative of Austrian industry still vacant.</p> <p>MANAGEMENT COMMITTEE</p> <p>Dr. Hans Kühne, Leverkusen; gen. mgr. Dr. Ernst Hackhofer, Vienna; member of management committee and operational head. Dr. E. v. Pongratz, Vienna; member of management committee.</p> <p>LABOR COMMITTEE</p> <p>Dr. Hans Kühne, Leverkusen. Dr. Heinrich Bütetfisch, Leuna. Paul Haefliger, Frankfurt.³ Dr. Max Jlgner, Berlin.</p> <p>Donau Chemie A. G.</p>

EXHIBIT II. DONAU CHEMIE A. G.—Continued

I. Organization prior to the political change ¹	II. Interim status	III. Contemplated final appointments
<p>3. CARBIDWERK DEUTSCH-MATREI A. G.⁴</p> <p>GOVERNING BOARD</p> <p>Erwin Philipp, Vienna; chairman. Dr. Max Bachmann, Cologne. Dr. Fritz Foregger, Vienna. Dr. Hugo Koller, Vienna. Otto Wacker, Munich.</p> <p>MANAGEMENT</p> <p>Eng. Karl Platzer, Vienna; gen. mgr. Ludwig Hopfgartner, Vienna; manager. Siegfried Kann, Vienna; manager. Wilhelm Ehrenstein, Vienna; deputy mgr. Engr. Max Spitzer, Vienna, deputy mgr. Emil Käufer, Vienna; auth repr. Leopold Klaar, Vienna; auth. repr. Robert Philipp, Vienna; auth. repr. Dr. Sandor Spitzer, Vienna; auth. repr. Engr. Paul Steinschneider, Vienna; auth. repr.</p>	<p>3. CARBIDWERK DEUTSCH-MATREI A. G.</p> <p>GOVERNING BOARD</p> <p>Dr. Max Bachmann, Cologne; chairman. Dr. Fritz Foregger, Vienna. Dr. Ernst Hackhofer, Vienna. Dr. Hugo Koller, Vienna. Dr. E. v. Pongratz, Vienna. Otto Wacker, Munich.</p> <p>BUSINESS MANAGEMENT</p> <p>Ludwig Hopfgartner, Vienna; auth repr. Engr. Karl Platzer, Vienna; auth. repr.</p>	Donau Chemie A. G.
<p>4. OSTERREICHISCHE KUNSTDÜNGER-, SCHWEFELSÄURE-, UND CHEMISCHE FABRIK A. G.⁵</p> <p>GOVERNING BOARD</p> <p>Erwin Philipp, Vienna. Engr. Felix Feest, Vienna. Engr. Albert Freund, Vienna. Ludwig Hopfgartner, Vienna. Com. Counclr. Josef Korinek, Vienna.</p> <p>MANAGEMENT</p> <p>Samuel Messinger, Vienna; managing dir.</p>	<p>4. OSTERREICHISCHE KUNSTDÜNGER-, SCHWEFELSÄURE- UND CHEMISCHE FABRIK A. G.⁵</p> <p>GOVERNING BOARD</p> <p>Ludwig Hopfgartner, Vienna. Dr. Ernst Hackhofer, Vienna. Engr. Karl Platzer, Vienna. Dr. E. v. Pongratz, Vienna. K. O. Schiller, Vienna.</p> <p>There is no separate management or business management. Current transactions will be handled by Kula, authorized representative.</p>	
<p>5. CONTINENTAL GESELLSCHAFT FÜR ANGEWANDTE ELEKTRIZITÄT⁶</p> <p>GOVERNING BOARD</p> <p>Erwin Philipp, Vienna; chairman. Dr. Paul Anliker, Binningen near Basel. Gustav Killius, Vienna. Dr. J. Alfred Meyer, Zurich. Dr. Viktor Emil Scherer, Basel. Dr. Josef Stein, Vienna. Rudolf Steiner, Vienna.</p> <p>MANAGEMENT</p> <p>Erwin Philipp, Vienna; managing dir. Ludwig Hopfgartner, Vienna; manager. Engr. Karl Platzer, Vienna; manager. Emil Käufer, Vienna; auth. repr.</p>	<p>5. CONTINENTAL GESELLSCHAFT FÜR ANGEWANDTE ELEKTRIZITÄT⁶</p> <p>GOVERNING BOARD</p> <p>Dr. Hans Kühne, Leverkusen. Dr. Paul Anliker, Binningen near Basel. Dr. Viktor Emil Scherer, Basel.</p> <p>BOARD OF MANAGEMENT</p> <p>Dr. Hans Kühne, Leverkusen. Dr. Davidis, Vienna. Ludwig Hopfgartner, Vienna. Engr. Karl Platzer, Vienna.</p>	<p>5. CONTINENTALE GESELLSCHAFT FÜR ANGEWANDTE ELEKTRIZITÄT</p> <p>GOVERNING BOARD</p> <p>Same as heretofore.</p> <p>BOARD OF MANAGEMENT</p> <p>Dr. Hans Kühne, Leverkusen. Dr. Davidis, Vienna. Ludwig Hopfgartner, Vienna. Engr. Karl Platzer, Vienna. In addition, elected on October 31, 1938: Director Bauer, Vienna (Montana). Dr. Ernst Hackhofer, Vienna. Dr. E. v. Pongratz, Vienna.</p>

¹ Umbruch.⁴ Carbide works.⁵ Artificial fertilizers, sulphuric acid, and chemical works, inc.⁶ Continental company for applied electricity.

EXHIBIT II. DONAU CHEMIE A. G.—Continued

I. Organization prior to the political change ¹	II. Interim status	III. Contemplated final appointments
<p>6. OSTERR. DYNAMIT NOBEL AKTIENGESELLSCHAFT ²</p> <p>GOVERNING BOARD</p> <p>Erwin Philipp, Vienna. Dr. Hans Adler, Vienna. Dr. Lothar Komorzynski-Oszczynski, Vienna. Engr. Johann Letis, Vienna. Dr. Paul Müller, Troisdorf. Paul Winterstein, Vienna.</p> <p>MANAGEMENT</p> <p>Erwin Philipp, Vienna; general manager. Karl Bäumer, Vienna. Engr. Albert Freund, Vienna. Com. Councilr. Louis Glokke, Vienna.</p>	<p>6. OSTERR. DYNAMIT NOBEL AKTIENGESELLSCHAFT</p> <p>GOVERNING BOARD</p> <p>Dr. Paul Müller, Troisdorf. Dr. Rudolf Schmidt, Troisdorf. Dr. Karl Meyer, Troisdorf. Com. Councilr. Otto Faltis, Vienna. Gen. Art. Engr. Gustav Geng, Vienna.</p> <p>MANAGEMENT</p> <p>Director K. O. Schiller, Vienna; operational manager.</p>	<p>6. OSTERR. DYNAMIT NOBEL AKTIENGESELLSCHAFT</p> <p>GOVERNING BOARD</p> <p>Same as heretofore (possibly a few minor changes).</p> <p>MANAGEMENT</p> <p>New arrangement beginning January 1, 1939.</p>

¹ Umbruch.² Austrian dynamite company.

EXHIBIT No. 13

MEMORANDUM REGARDING NEW ORDER FOR THE CHEMICAL INDUSTRY OF AUSTRIA, APRIL 9, 1938

[Translation by Mr. Neder (Checked)]

OFFICE [OF THE] SECRETARY OF STATE KEPPLER, BALLHAUSPLATZ, VIENNA

Kg/Uhl

APRIL 9, 1938.

Re: New Order of the Major Chemical Industry of Austria.

In Austria's major chemical industry, two firms are by far leading with respect to both size and importance of their production, to wit: "Carbidwerk Deutsch-Matrei A. G." which belongs to the syndicate of Dynamit Nobel A. G., Troisdorf, and the [powder plant] "Pulverfabrik Skodawerke-Wetzler A. G." in which the "Oesterreichische Kreditanstalt" (Austrian Bank) has a controlling interest.

¹ Carbidwerk Deutsch-Matrei A. G. has the following plants and/or syndicate companies in Austria:

- (1) Carbidwerk Deutsch-Matrei A. G.
Capital: S (Austrian shillings) 2,800,000.¹
Plants: Deutsch-Matrei (near the "Brenner").
Bruckl Corinthia.
Products: Chlorine, Alkali-Electrolysis and Derivatives thereof.
- (2) Continentale Gesellschaft für angewandte Elektrizität.
Capital: (Swiss francs) 2,400,000.
Plants: Landeck and Wiesberg (power station) near the Arlberg.
Products: Calcium carbide and ferrosilicium.
- (3) Oesterreichische Kunstdünger-Schwefelsäure und Chemische Fabrik A. G.
Capital: S (Austrian shillings) 1,200.
Plant: Deutsch Wagram (Lower Austria).
Products: Superphosphate and sulphuric acid.

The Skodawerke-Wetzler have the following plants and/or syndicate companies:

- (1) Pulverfabrik Skodawerke-Wetzler A. G.
Capital: S (Austrian Shillings) 7,000,000.
Plants: Moosbierbaum-Heiligeneich near Tulln (Lower Austria).
Products: Inorganic acids, heavy chemicals, nitrogen products and superphosphate.
- (2) Chemische Fabrik Wagenmann, Seybol & Co. A. G.
Capital: S (Austrian Shillings) 1,000,000.
Plant: Liesing (Lower Austria).
Products: Inorganic acids and heavy chemicals.

In addition, the Skodawerke-Wetzler A. G. have the management of the powder plant at Blumau, which is controlled by the State

¹ Translator's note: This figure is not clearly legible.

In view of the fact that in a small country such as Austria the possibilities of development for a chemical industry are limited, said Austrian firms have always leaned on I. G. Farbenindustrie A. G. as was expressed by the numerous agreements and conventions, as well as by [the establishment of] a joint sales organization, i. e., "Anilinchemie A. G." Vienna. Thus Anilinchemie A. G. sells a large portion of the chemical products of Deutsch-Matrei and Skodawerke-Wetzler and acts as agency of I. G. Farbenindustrie A. G. for the latter's chemicals in Austria and is entrusted with the supervision of the business in southeast Europe in said branch.

Within the past year, in view of the sales interests which have already been coordinated by Anilinchemie, in concurrence with the appropriate German authorities I. G. has seized the initiative for further standardization of both sales and production. In February 1938, following lengthy discussions with the Austrian partners (Deutsch-Matrei A. G. and Skodawerke-Wetzler A. G.) a plan was drawn up providing for the merger of Carbidwerk Deutsch-Matrei and Skodawerke-Wetzler A. G. under the auspices of I. G. Farbenindustrie A. G.—which was simultaneously to become a partner therein—to form the "Ostmark" Chemie A. G. The sales interests of the partner firms were to be coordinated in the future by a new "Ostmark" Chemikalienhandels A. G.

In view of the annexation of Austria said negotiations were at first interrupted on the one hand as a result of the fact that the controlling Austrian parties participating in these negotiations were not Aryan and, on the other hand, as a result of the decrees of March 19, 1938, governing restrictions against the establishment of commercial and industrial enterprises in Austria (R. G. Bl. I, p. 264).

It is, however, urgently required to bring said negotiations to a speedy conclusion.

(a) The leading officials—it is true—have meanwhile been replaced by Aryans. Reorganization of the personnel in subordinate positions can be completed appropriately and with a long-range view only when a clear picture is had of the future situation.

(b) Under the tariff protection enforced in Austria, various types of production have been adopted which, upon removal of the tariff barriers between Austria and the old Reich, can hardly be continued in the interest of the German-Austrian industrial customers. In order, however, to keep the Austrian chemical industry going, it will be necessary, as speedily as possible, to shift, wherever required, certain types of production from the old Reich to German-Austria and vice versa.

(c) The groundwork should be laid immediately to prepare the assignments to be carried out by the major chemical industry of Austria within the framework of the 4-year plan.

We therefore request that we be authorized to liquidate Anilinchemie A. G. and establish "Ostmark" Chemikalienhandels A. G. and to continue our negotiations, to prepare the acquisition of a controlling interest in the Skodawerke-Wetzler A. G. and to merge Carbidwerk Deutsch-Matrei A. G. with the Skodawerke-Wetzler A. G.

We shall keep the appropriate authorities abreast of progress made in these activities and we shall, of course, resubmit, for approval, individual decisions whenever required on the strength of existing regulations.

Heil Hitler!

I. G. FARBENINDUSTRIE.
(S) HÄEFLIGER.
(S) KRÜGER.

EXHIBIT No. 19

LETTERS TO DR. VON SCHNITZLER AND DR. FRITZ TER MEER FROM KUHNE, SEPTEMBER 23, 1938, ON APPOINTMENT OF FARBEN OFFICIALS AS NAZI COMMISSARS IN AUSTRIA

[Translation: Best/Schuppener]

Dr. H. KÜHNE

VERSTANDSMITGLIED DER I. G. FARBENINDUSTRIE AKTIENGESELLSCHAFT

LEVERKUSEN, I. G. WERK, the Sept. 23th, 1938.

Mr. Director DR. TER MEER,
Frankfurt/Main.

Mr. Director DR. VON SCHNITZLER,
Frankfurt/Main.

DEAR SIR: To my great pleasure I understood from our telephonic conversation of this morning that you have succeeded in finding appreciation for our

interests in Aussig with the competent offices; moreover that you already had proposed commissaries, Dr. Wurster and Dr. Kugler, to the offices. I took note that you have had no possibility to speak with me before about this action. I agree to the election of these two gentlemen and it stands to reason for me that both the gentlemen proposed by you for commissaries get into close contact with the commission we had appointed to treat matters concerning Aussig. As well known, we have a number of agreements, both on the selling section and the manufacturing section; I but remember, for instance, of the agreements concerning the field of titanic oxide, the field of activated carbon, etc.

With kind regards

Yours

(Signed) KÜHNE.

EXHIBIT No. 20

LETTERS TO MESSRS. DR. FRITZ TER MEER, KUHNE, MAX ILGNER AND DR. WURSTER, FROM DR. VON SCHNITZLER, SEPTEMBER 29, 1938, ON APPOINTMENT OF FARBEN OFFICIALS AS NAZI COMMISSARS IN AUSTRIA

[Translation: Brudermüller/Altmann]

29.9.1938.

To Messrs. Dr. ter Meer, Frankfurt/M.
Dr. Kühne, Leverkusen.
Dr. Ilgner, Berlin NW. 7.
Dr. Wurster, Ludwigshafen.

DEAR SIR: You are informed in the general lines about the discussions I have had, at the end of last week, with the Ministry of Economics, with Mr. Keppler, secretary of state, and with the German Economical Board of the Sudeten-area as to the situation of the Aussig-Union. The negotiations have been successful insofar as all parties acknowledged that after the German annexion of the German Sudeten-area all the works situated in this zone and belonging to the Aussig-Union, irrespective of the future settlement of accounts with the head office in Prague, must be managed by trustees (commissioners) "for account of whom it may concern". I pointed out that in the first place the works Aussig and Falkenau are involved, and that, to say the least, the works Aussig, but suitably also Falkenau, should be run exclusively by the I. G. Therefore the I. G. already now would lay claim to the acquisition of both works. With reference, above all, to the Aussig-Works: only those productions would be maintained which the I. G. in expert knowledge could be able to carry on. Moreover I alleged that in Germany only the I. G. are producing aniline dyes and titanium white, and that among the intermediate products made in Aussig by far the greater part is manufactured by the I. G. Relations to other firms would play a subordinate part. Before coming to an understanding as to the rights of delivery it would be necessary to maintain the technical and the commercial activity by expert commissioners who should be placed at disposal only by the I. G. In accordance with Dr. ter Meer I proposed Dr. Carl Wurster for the technical part and Dr. Hans Kugler for the commercial part. To this program it was agreed both by the Ministry of Economics and the Foreign Organization of the N. S. D. A. P. on the behalf of which Mr. Schlotterer himself (Ministry of Economics) could act. Difficulties arose only with the German Economical Board of the Sudeten-area. The director of this board is Mr. Richter, engineer by profession and domiciled in Aussig, with whom I spent several hours on Friday evening. He could be convinced of the truth of all our arguments except that in the present phase of development he did not deem it necessary to appoint a technical commissioner holding far-reaching powers for eventual alterations. He is rather of opinion that among the Sudeten-German managers who remained in the works there ought to be found persons apt to carry on the production in the works during a transition period, if only the I. G. should take care of the commercial belongings, since the Czech-Jewish management in Prague is done for. Already in the course of the above-mentioned conversation Mr. Joh. Brunner, manager of the works in Falkenau, was mentioned as eventual technical commissioner, and till Saturday morning (in the meantime Mr. Richter had called on the Ministry of Economics) the chances of Mr. Brunner were improved to such a degree that I was given, although in friendly terms, the option of either consenting to the combination Brunner/Kugler or of seeing frustrate my whole plan altogether. The discussions I have had in between with Secretary of State Keppler, did not bring matters to a head. Thus I considered to act in the interest of promoting this delicate matter by consenting to the fact that Mr. Kugler should try, jointly with Mr. Brunner, to keep the production of the works running for a certain transition period. I added, however, that very soon it would prove for the I. G.

absolutely necessary to take these both works, to say the least the Aussig factories, in their own hands. No objections were raised to this effect.

I shall report again as soon as I shall have received the official letter concerning the appointment of the commissioners. May I meanwhile suggest to you to appoint Dir. Weber-Andreae member of our commission as head of the chemicals sales organization.

With kind regards.

Yours,

(Sgn.) G. V. SCHNITZLER.

EXHIBIT No. 21

SURVEY OF PRAGER VEREIN (PRAGUE UNION)

[Translation: Schmitt]

VEREIN FÜR CHEMISCHE UND METALLURGISCHE PRODUKTION, PRAG

(Union for Chemical and Metallurgic Production, Prague)

(Prager Verein) (Prague Union)

Seat: Prague II, Stephansgasse 28.

Berlin Representation: Prager Chemische Gesellschaft m. b. H., Berlin W 35, Lützowufer 20. Manager: ———. Director: Wilhelm Nussbaumer.

Office for Slovakia: Bratislava. Manager: ———. Substitute director: Dr. Jaroslav Chorvat. The "Büro für die Slovakei" ("Office for Slovakia") is in charge of all matters concerning the Slovakian works and the Slovakian business.

Sellers: Brünn. Manager: Anton Jaskolski. Königgrätz. Manager: Karl Jonas.

Foundation: 26th January 1858.

Business year: 1st January to 31st December.

Subject of the firm: In the general meeting of 19th December, 1938, the subject (purpose) of the company was statutory stipulated as follows:

- I. The production of all chemical products.
- II. Any legal utilization and use of the manufactured chemical products, also of those for smelting or for working ores.
- III. Works which were got by fusion with the firm "Solo", as well as the working of firms eventually bought later on, the production of matches, the sale of matches, veneers for boxes, boxes and other semimanufactures, packages, wooden ware of any description, and other similar productions, the manufacturing of cellulose and paper, moreover the production of metal foils and all manufactures and industrial branches serving this purpose.
- IV. The purchase and the utilization of premises, water powers and wood grounds, as well as of all patents, privileges, trade-mark rights, trade-mark protection, connected with the purpose of the company. The company is also entitled to take on lease works of which the production or business program provides for respective products, to participate in inland or foreign firms of similar character and to acquire shares of these or other companies.
- V. To sell the above-mentioned products, erect and keep stocks, the retail sale and any kind of industrial activity connected directly or indirectly with the manufacture of the above-mentioned articles or which is useful for the purpose.
- VI. The production and the sale of electric energy. The purchase of or the erection and lease of mines and foundries as well as of other establishments allied or connected therewith, of manufactures and works in the inland and abroad, the participation in such undertakings, the opening, promotion and exploitation, moreover the getting and the sale of minerals, mining products of any description, finally any industrial work directly or indirectly connected with the above works and the exploitation of the products got thereby or which is of any use for the purpose.

Development:

The "Verein für chemische und metallurgische Produktion" founded 1858—originally for the refining of potassium salts imported from Stassfurt—had during the first six decades of its existence up to the Great War already developed to a chemical undertaking of decisive importance for the chemical market in Southeast Europe. In the years between eighteen hundred and eighty and eighteen hundred and ninety a close cooperation existed with the Solvay group—particularly in the soda business—with on their part held also shares of the "Verein." All works and participations of the "Verein"

Development—Continued

excepting two participations in Germany—were within the limits of the old Austrian-Hungarian monarchy.

By the splitting of Austria-Hungary after the Great War the development was decidedly influenced. All works—except those annexed only in 1915 for reasons of war economy, i. e., the small works at Schwaz (Tyrol), closed again in 1928—came under the control of Czecho-Slovakia. The Czecho-Slovakian Government demanded in 1920 the removal of the seat of the general management from Vienna to Czecho-Slovakia, and then—to an ever increasing extent, particularly through the industrial bank (Zivnosenska banka), influenced the "Verein" and its development to a national Czech undertaking. This development was forced after Dr. Basch (Czecho-Slovakian National Bank) in 1933 joined the general management, taking over the management on 1st January, 1936, from Dr. Mayer. The technical management of the "Verein" was in 1933 taken over by the chemist Dr. Ing. Ettel, who up till then was a colonel in the Czecho-Slovakian ministry of war (manager of the gas section). In June 1936 the general meeting agreed upon changing the statutes, providing that the president and one of the two vice presidents as well as two thirds of the members of the executive committee should possess the Czecho-Slovakian nationality.

Since 1933—partly at the instigation of and with the commercial political assistance of the Czecho-Slovakian Government (prohibitions of importation, obligation to procure a permit for importation, increases of duties, etc.)—the "Verein" developed particularly expansively. An accelerated enlargement of the own works, particularly of such producing aniline colours, and an extension of the interests of the concern—especially also in the countries succeeding Austria-Hungary—was carried through. Amongst others in Handlova and Novaky in Slovakia new works were erected, which started the production in autumn 1938 and in spring 1939. After the reunion of the Sudetes with Greater Germany according to the Agreement of Munich of 29th September 1938, and after a temporary commissarial management of the works at Aussig and Falkenau (with coal mines), the Prague Union towards the end of 1938 ceded all Sudetic works (excepting the brown coal fields near Püllna) to the "Chemische Werke Aussig-Falkenau G. m. b. H." newly founded by I. G. and Chemische Fabrik von Heyden A. G. Thereby the Prague Union lost round 80 percent of its capacity of production. The immediately beginning considerable transformation and enlargement of the Prague Union and its concern is treated in detail in the following chronicle.

Chronicle:

1858:

Foundation, seat at Vienna.

Erection of the chemical works at Aussig.

1871: Purchase of a works in Kralup (Moldau) erected 1855 (sulphuric acid, superphosphate).

1880: Removal of the seat of the general management from Vienna to Aussig.

1885: Erection of the Ammonia Soda Works at Ebensee (Austria, together with Solvay & Cie., Brüssel.

1893: Erection of the Ammonia Soda Works at Lukavac (now Yugo-Slavia), together with Solvay & Cie., Brüssel.

1896: Erection of the Ammonia Soda Works at Maros-Ujvar (now Ocna Muresului in Roumania), together with Solvay & Cie., Brussel.

1901: Foundation of the Salt Mine Neu-Stassfurt and Partner Limited Company, Zscherndorf near Bitterfeld (participation 50%), together with the Mining Company Salt Mine Neu-Stassfurt and Neu-Stassfurt II (now group Kali-Chemie A. G.).

1905: Erection of an Ammonia Soda Works at Nestomitz (now Sudetes), together with Solvay & Cie., Brüssel.

1906:

Closing and pulling down of the old soda works at Aussig (Leblanc process).

Erection of a Soda Works at Podgorze near Krakau (now General Government), together with Solvay & Cie., Brüssel.

1907: Starting of plants for producing Alizarine Red at Aussig.

1909: Participation in the Solvay Soda Works G. m. b. H., Vienna.

1911:

Erection of the Stannic Chloride Works System, Goldschmidt, at Aussig, in cooperation with Th. Goldschmidt A. G., Essen.

Chronicle—Continued

1911—Continued

Taking over of the First Austrian Soda Works of Miller v. Aichholz at Hruschau.

Erection of a Soda Works at Turda (now Roumania), together with Solvay & Cie., Brüssel.

1914:

Acquisition of the majority of shares of the "Hungaria" Budapest, (together with Solvay & Cie., Brüssel) and conclusion of a Society of Interests.

Removal of the seat of the general management from Aussig to Vienna.

1915: Purchase and enlargement of the electrochemical plants for producing potassium chlorate at Schwaz (Tyrol). Starting in 1916.

1916: Erection of a Carbide and Nitrogen of Lime Works at Falkenau. Starting in 1918.

1917:

Purchase of coal pits at Püllna near Brüx (now Sudetes).

Minority participation in the foundation of the Oderberg Chemical Works A. G., Neu-Oderberg.

Participation in the Falkenau Coal Mining A. G., Lanz (George's pit).

1920:

At the requirement of the Czecho-Slovakian Government removal of the seat of the general management from Vienna to Karlsbad.

Minority participation in the foundation of the Bohemian Glanzstoff Works System, Elberfeld, Lobositz (now Sudetes). The works started in 1923.

Participation in the foundation of the Sillein Fertilizer and Chemical Industry A. G., Sillein, which took over the Sillein Works of "Hungaria," Budapest.

1921: Participation in the Hruschau Earthenware Works A. G., Hruschau (50%).

1922:

Purchase of the Barytes pit Mining Company "Lützwow," Könitz, Thuringia.

Participation in the Mining Company "Auguste," Leutnitz near Bad Blankenburg. The participation was sold later on.

Participation in the foundation of the Société de Produits Chimiques de l'Yonne, Paris. Starting of the Works 1924. The participation was sold later on.

1923:

Participation in the "Zorka" First Yugo-Slavian A. G. for Chemical Industry, Zagreb (now Belgrad) and in the "Chinoin" Works of chemical-pharmaceutical Products A. G., Budapest (Minority).

Agreement with the Chemical Works Kunheim & Co., A. G., Berlin, to safeguard and settle the mutual interests. Later on the Rhenania-Kunheim Verein Chemischer Fabrika A. G., Berlin, joined this agreement. The agreement was favoured by mutual shareholding and representation in the board of directors. The "Verein" endeavoured to acquire the majority of shares of Rhenania-Kunheim. When this failed, the participation (about one-third) was in 1927 sold via banks to the Kali-Chemie A. G., Berlin. At the same time Rhenania-Kunheim was for financial reasons compelled to sell its participation in the Verein.

1925:

Closing of the Works in Kralup on Moldau.

Erection of an azo dyestuffs works in Aussig. Reestablishment and enlargement of the nitrogen of lime plants in Falkenau. The production of the works was later on extended to the manufacture of various products by the electrochemical and electrothermic method.

1927:

Agreement in respect of active charcoal with Metallgesellschaft, Degussa, I. G. and Urbain-Paris.

Participation in the foundation of the British Carbo-Union Ltd., London, and the Czecho-Slovakian Nitrogen Works A. G., Prague.

1928: Abandoning of the plants for producing potassium chlorate at Schwaz (Tyrol).

Chronicle—Continued

1929:

Fraction of a charring plant at low temperature at Falkenau.

Starting of the production of liquid chlorine at Aussig.

1930: Participation in the foundation of the Carbo-Norit-Union Verwaltungs-G. m. b. H., Frankfurt a. M. (active charcoal).

1931: Removal of the general management from Karlsbad to Aussig.

1932: Taking over of the Flakenau Bergbau A. G., Lang (George's pit) by fusion, and of the Sillein Fertilizer and Chemical Industry A. G., Sillein.

1933:

Lecturer Dr. Antonin Basch (Czecho-Slovakian National Bank) joins the general management of the Verein. Chemist Dr. ing. Viktor Ettel, up till then colonel in the Czecho-Slovakian ministry of war (manager of the gas section), takes up the technical management of the Verein.

Purchase of a packet of shares of "Solo" United Czecho-Slovakian Works for the Production of Matches and Chemicals A. G., Prague, from the Kreuger inheritance.

Purchase of the total of the share capital of "Marasesti" Roumanian A. G. for Chemical Industry, Bukarest.

Additional purchase of "Zorka" shares.

1934:

On 1st January, 1934, the Verein succeeded to the Printing Ink Works of E. T. Gleitsmann at Aussig.

Beginning of the reestablishment and enlargement of a major part of the organic and inorganic plants in Aussig. Erection of a Vat Dyestuffs Works at Aussig.

Purchase of the majority of shares of the Aktienfabriken zur Erzeugung von Chemikalien Kolin, Prague, together with the "Synthesia", Prague (25.5% each).

Succession to the Brown Coal Pits "Albert," Schönfeld, and "Maria-Antonia," Raudnig, formerly belonging to the Bohemian Trading Company, Prague (concern of the Rivnostenska banka, Prague) to safeguard the maintenance of the works at Aussig.

Participation in the foundation of "Carbonit," Bukarest (12.6%).

1935:

Enlargement of the Printing Ink Works at Aussig.

Additional purchase of shares of Oderberg Chemical Works A. G. Neu-Oderberg (now 69%).

Interchange of shares and conclusion of a community of interests with the "Solo," Prague.

Foundation of the "Chemicolor" chemical and metallurgical A. G., Budapest.

1936:

On 1st January, 1936, Lecturer Dr. Antonin Basch became general manager of the Verein in place of Dr. Max Mayer.

Removal of the seat of the general management from Aussig to Prague.

Interchange of shares and conclusion of a community of interests with "Explosia," Czecho-Slovakian Explosives A. G., Prague, and "Synthesia," chemical works A. G., Prague.

Purchase of the majority of shares (60%) of Handlovaer Coal Mining A. G., Bratislava.

Additional purchase of shares of Bohemian Glanzstoff Works System Elberfeld, Lobositz (now approx. 47%).

Enlargement of the azo dyestuffs plants in Aussig was finished.

Foundation of "Jugocolor" A. G. for selling chemical and metallurgical products, Belgrad.

1937:

Starting of the production of oxalic acid at Falkenau.

From the portfolio of the A. G. Dynamit Nobel, Bratislava, the remaining packet of shares (31%) of Oderberg Chemical Works A. G., Neu-Oderberg, was taken over.

Sale of the minority participation to the "Chinoin," Budapest.

In Sillein a new sulphuric acid works was started.

Foundation of the "Romanocolor" Roumanian A. G. for Selling Chemical and Metallurgical Products, Bukarest.

Chronicle—Continued
1938:

To safeguard the supply of the Sillein Works with electric current, the Prager Verein towards the middle of 1938 participated with 10–15% in the United Electricity Works of the North-Western Slovakia A. G., Sillein.

The Prager Verein purchased in September 1938 at Kc 19.5 million the majority of shares (90%) of the Slovakian Brick-Works and Chemical Works A. G., Göding.

On 29th September 1938 the "Agreement of Munich" was concluded, in consequence of which the Sudetes had to be separated from Czecho-Slovakia and included in Greater Germany. On 1st October the marching in of the German troops began, on 3rd October Falkenau was occupied, and on 9th October Aussig. All Sudetic works of the Prager Verein were entrusted to a commissarial manager—Director Dr. Kugler (I. G.).

On 11th October 1938 (agreement of 7th December 1938), the Prager Verein ceded the Works Aussig and Falkenau situated in the Sudetes (Aussig with printing ink works) and the brown coal pits Maria Antonia and Albert pits (near Aussig) at Kc. 280 million (= round R.M. 24 million) to the Chemical Works Aussig-Falkenau G. m. b. H., newly founded on 30th November 1938 by I. G. and Chemische Fabrik von Heyden A. G., Radebaul (50% each). (The coal fields situated in the Sudetes near Püllna remained in the hands of Prager Verein.) The technical management and the commercial departments of Prager Verein working hitherto at Aussig had by the end of September removed their seat from Aussig to Prague.

The mutual participations of Solvay & Cie., Brüssel, and Prager Verein in the Solvay Works in Austria, in the Sudetes, in Yugo-Slavia, Roumania, and Poland which up till 1938 were managed by the Solvay-Soda Works G. m. b. H., Vienna, were, after the dissociation of this company ceded to the Company for Soda and Chemical Industry m. b. H. (Gefucin), Zürich, who also keep the Solvay participation in the Prager Verein (about 15%).

After ceding the works Aussig (with chlorine electrolysis) and Falkenau (with oxalic acid and formic acid plants), the Prager Verein retired from the "Elpro" Elektrochemische Produkte G. m. b. H., Frankfurt (Main), and the Verkaufsstelle für Oxalsäure and Ameisensäure G. m. b. H., Frankfurt (Main), and ceded its quota and capital participation in both cartel companies to Chemische Werke Aussig-Falkenau G. m. b. H.

In Autumn 1938 the first electro-furnace with a capacity of 3,000 tons calcium carbide, p. a. was started in the new works Handlova (Slovakia).

The Prager Verein took over the works Petschek of its affiliated company Aktienfabriken zur Erzeugung von Chemikalien Kolin, which for years had been closed and to which in September 1938 stocks (particularly of aniline dysetuffs) had been brought from Aussig and Falkenau.

The Vienna representation of the Prager Verein was taken over by the Teerfarbenwerke Aussig G. m. b. H.

The works Neu-Oderberg situated in the Olsa territory and belonging to the Oderberger chemische Werke A. G., Prague, was ceded to a newly founded company of Polish (later on German) right with the old firm's name, as the Olsa territory was annexed in 1938 by Poland (and in 1939 by Germany).

Towards the end of 1938 the Printing Ink and Bronze Colours Works of Messrs. Weinsberger & Co. in Kosollup (near Pilsen, but in the Sudetas), Prague-Wissotschan and Slovenska L'upka (Slovakia) were taken over. The Kosolup works were closed. The new works at Prague-Wissotschan still in course of erection was considerably enlarged for the production of printing inks.

Chronicle—Continued**1938—Continued**

In December 1938 the fusion with the "Solo" United Czecho-Slovakian Works for Matches and Chemicals A. G., Prague, was agreed upon. The capital was increased by Kc. 4 million to Kc. 79 million (the Prague Verein was already in the possession of the majority of shares of the "Solo"). By the fusion the Prager Verein took over in the Protectorate 3 Matches Works, 1 Packing works, 2 sawmills and 1 string works, in Slovakia 1 cellulose and paper mills, 1 matches works, and 2 sawmills, furthermore the woods in the territory annexed to Bavaria, which formerly belonged to Czecho-Slovakia, near Schüttenhofen, and some participations.

1939:

On 4th January 1939, the Solvay Gesellschaft m. b. H. für Sodaerzeugnisse, Prague, was founded with 45% participation of the Prager Verein in the principal fund amounting to K. 500,000. Intended was the production of soda and soda derivatives.

In the beginning of 1939 the mining company "Lützw" (barytes pits) near Könitz and Bucha, Thuringia, was sold.

The 100% participation in the "Vulcan" Matches Works A. G., Cinad'ovo, taken over by "Solo," the main works of which are situated in the Carpathian Ukraine annexed to Hungary, was sold.

The firm Ing. Jaroslav Velinsky took over the works Rostok near Prague (up till then producing chemical-pyrotechnical articles). This works was entrusted the production of printing inks and aluminium sulphate (for water purification) of the ceded works Kosolup (Sudetes) of Messrs. Weissberger & Co.

The firm Dr. Ing. Rob. Heisler took over the works Chrast (near Chrudim) at K. 15 million. The production of pharmaceuticals and injections of any description, alkaloid opiates, hormon preparations, glycerophosphates, Levulose, and ethyl chloride is continued.

From the "Gec" Produktions- und grosseinkaufsverband für Erwerbs- und Wirtschaftsvereinigung r. Gen. m. b. H., Prague, now in liquidation a premises were purchased Neu-Ratowitz (hitherto production of food) at K. 6 million.

In March 1939 the Jews were eliminated from the management of the Prager Verein. In place of Dr. Basch Dr. Martinek was entrusted the general management of the Prager Verein.

In Bratislava a "Büro für die Slovakei" ("office for Slovakia"), managed by the director substitute, was established in April 1939, which was entrusted with all business connected with the Slovakian works and the Slovakian markets of the Prager Verein.

In the newly erected works Novaky (Slovakia) in spring 1939 a chlorine electrolysis (2,500 tons chlorine p. a.) was started.

For the Oderberger chemische Werke A. G., Prague, after finishing the foundation of the Works Neu-Oderberg, new manufactures were created in the Hruschau Works of the Prager Verein and in the Works Neu-Ratowitz taken over by the "Gec" r. Gen. m. b. H. (there particularly for the production of saccharine).

In the works Petschek a mixing plant for aniline dyestuffs, an experimental dye works and small laboratories were created.

In Rybitew (Czech Rybitvi) near Pardubitz the erection of a large works, particularly for the production of aniline dyestuffs and organic intermediates, was started. The work is intended to become the largest of the Prager Verein. Besides organic products later on the production of inorganic chemicals is planned. Also a large scientific central laboratory for the whole concern of the Prager Verein is being erected in Rybitew.

In the Hruschau works a new "Zieren" furnace with a capacity of 10,000 tons hydrochloric acid p. a. and 7,000 tons sodium sulphate p. a. as substitute for the former obsolete plants (which remain in reserve) was started. Amongst others also plants for the production of Titanium White, barium chloride, sodium sulphite, and sodium bisulphite were newly erected.

In the Sillein works (Slovakia) a new sulphate of copper plant was started.

Chronicle—Continued

1939—Continued

The Prager Verein purchased the majority of shares of the "Biochema" andwirtschaftliche chemische Werke A. G., Mödriz (preservatives for plants, glues, soaps, fodder, preserves). The works for the production of vinegar, starch, glucose, preserves, etc., in Neu-Ratowitz, taken over by the "Gec" r. Gen. m. b. H., was annexed to "Biochema" as a branch and continued.

From the firm J. Ph. Glesinger, Teschen, the Prager Verein took over 5 sawmills situated in Slovakia which, together with 2 sawmills taken over by "Solo" in Slovakia, utilizing the empty shares also taken over by "Solo" were annexed to the Rosenberger Cellulose- & Papierfabrik A. G., Rosenberg (Slovakia), (share capital 100% in the hands of the Prager Verein).

Towards the middle of 1939 the majority participation in the "Ossa" A. G. für chemische Industrie, Prague, with works in Prag-Wissotschan (bone-glue spodium, etc.), took place. Simultaneously with the "Ossa" their 100% affiliated company A. G. für chemische Industrie, Tabor, (leather glue, gelatine, etc.) was annexed to the concern group of the Prager Verein

Towards the middle of 1939 the second electro furnace with a capacity of 2,800 tons ferrosilicium 45% p. a. was started in the Handlova works.

In the middle of 1939 the Prager Verein is said to have purchased together with a Czech group a minority of shares of the Witkowitz Bergbau-und Eisenhüttengewerkschaft, Mährisch. Ostrau. (The majority of shares—51%—is said to be in the hands of the "Hermann Göring" Reichswerke.) For the Prager Verein this participation would be of importance as a basis for the production of organic chemical.

In the Göding works of the Slovakische Ziegelfabriken und chemische Werke A. G. the capacity of an existing hydrogen peroxide plant was doubled. Furthermore a perborate plant was erected, which formerly was at Göding, but according to an agreement with the Prager Verein it was removed some years ago and stored in the former Falkenau works; it has now been brought back to Göding, to substitute the perborate plant which the Prager Verein lost together with the Falkenau works.

By a resolution of the general meeting of 30th November, 1939, the share capital of the Prager Verein was tripled from Kč. 79 million to Kč. 237 million. The increase of capital was covered entirely from the reserves. Stamping of the shares from Kč. 200.—to K. 600 was carried through by the end of 1940.

1940:

The Prager Verein participated with 25% in the foundation of the Aktivkohle-Union-Verwaltungs G. m. b. H., Frankfurt (Main), on 4th January, 1940, which took the place of the dissolved Carbo-Norit-Union Verwaltungs G. m. b. H., Frankfurt (Main).

On 23rd January, 1940, the foundation of the "AKO" Aktiengesellschaft für die Erzeugung von Photobedarfsmitteln und Chemikalien, Prague, took place, in which the Prager Verein participates to a high degree. This new firm produces at Böhmisches-Brod films, plates, and photo chemicals.

The works' equipment was taken over from the meanwhile liquidated firm "Ako" Photoplattefabrik G. m. b. H. at Nestomitz (Sudetes).

In Neu-Ratowitz the erection of a spun rayon works (capacity 10,000 tons p. a.) was begun.

The chlorine electrolyzing plant in the Novaky works (Slovakia) was enlarged to a capacity of 6,200 tons chlorine p. a.

In the Handlova works (Slovakia) a third electro furnace (4,400 kw.) for the production of ferrosilicium is erected. When it will be finished, the already used two first furnaces (up till now one each for calcium carbide and ferro silicium) shall only be used for calcium carbide.

On 1st May, 1940, the trading company Zeleny & Co., Grosshandel und Erzeugung optischer Waren, Prague, was founded, in which the Prager Verein participates to a considerable degree. This new firm produces optical goods.

Chronicle—Continued

1940—Continued

In May 1940 the Berlin affiliated company of the Prager Verein "Usticolor" Farben- und Chemikalien-Vertriebs-Gesellschaft m. b. H. was renamed in "Prager chemische Gesellschaft m. b. H." The company is to serve as Berlin connection (particularly in respect of authorities).

Merchant Wilhelm Nussbaumer (hitherto Chemische Werke Aussig-Falkenau G. m. b. H.) was appointed manager and Berlin middleman of the Prager Verein.

With the Prager Eisen-Industrie-Gesellschaft, Prague, an agreement of mutual interests was concluded, which provides for the utilization of byproducts by the Prager Verein, particularly with regard to the erection of coke furnaces (basis for an eventual later nitrogen plant of the Prager Verein?) planned by the Prager Eisen-Industrie-Gesellschaft.

The Oderberger chemische Werke R. G., Prague (old firm) was in June 1940 renamed in "Prager chemische Werke A. G."

The Prager Verein participated with 40% in the share capital of the Chemische Industrie A. G., Bratislava (majority of shares 60% in the hands of A. G. Dynamit Nobel, Bratislava), which amounts to Ks. 40 million. The Dynamit Nobel erect in Bratislava a spun rayon works.

The Prager Verein has sold its minority participations in the "Explosia," Explosiv-Stoff-A. G., Prague (11.6%) and in the "Synthesian," chemische Werke A. G., Prague (11.7%).

The Prager Verein took over a share packing of the Aktienfabriken zur Erzeugung von Chemikalien Kolin hitherto kept with the "Synthesia," chemische Werke AG., so that it now possesses alone the majority of shares of this company.

In order to accelerate the delivery of machines to its works, particularly to the Rybitew works being erected, the Prager Verein purchased the majority of shares of the small machine works Janka & Co. A. G., Prague (works in Radotin near Prag).

In the Göding works of the Slovakische Ziegelfabriken und chemische Werke A. G., a borax plant is being erected.

Towards the middle of 1940 the Prager Verein took over the firm Bohdan Kasper at Lobkowitz (near Neu-Ratowitz), which works a small calcium carbide plant (capacity 1 ton per day) and disposes of a good central power station with water turbines. The existence of the power station is said to have been deciding for the taking over of the works, as the electric current is wanted for the Neu-Ratowitz works of the Prager Verein situated nearby.

The Prager Verein, which hitherto possessed 100% of the shares of the Oderberger chemische Werke A. G., Neu-Oderberg (Eastern Upper Silesia), ceded in September 1940 one-third each of the shares to Chemische Fabrik von Heyden A. G., Radebeul, and Fahlbergzist A. G., Magdeburg.

In autumn 1940 the Prager Verein purchased the majority of shares of the Mittelböhmische Papierfabrik A. G., Prague. The company gave up its original intention to erect a rotation paper works, and manages only own grounds at Neu-Ratowitz and its neighbourhood.

The "Slovakische Ziegelfabriken und chemische Werke A. G., Göding" was renamed in "Ziegelfabriken und chemische Werke A. G., Göding."

Board of Directors: ¹

Executive committee:

Dr. Jaroslav Preiss, Prague, chairman; president of the Industrial Bank, Prague.

Eng. Jan Dvoracek, Prague, vice president; first director of the Industrial Bank, Prague.

C. Adolf Clemm, Berlin, vice president; general manager of the Deutsche Solvay-Werke A. G., Bernburg.

Dr. Hubert Baumann, Reichenberg; director of the Kreditanstalt of the Deutschen r. Gen. m. b. H., Reichenberg.

Josef Benes sen., landowner, Budapest; president of the "Hungaria," Kunstdünger-, Schwefelsäure- und Chemische Industrie A. G., Budapest.

¹ According to the statutes the board of directors consists of at least 15 to at the most 23 members.

Board of Directors—Continued

Executive committee—Continued

- Dr. Jan Brzorad, great landowner, Michelsberg; president of the Land Genossenschaft der Grundbesitzer und Pächter.
- Dr. Josef Graf Colloredo-Mansfeld, Prague; great landowner.
- Eng. Dr. h. c. George Günther, Vienna; president of the Berg- und Hüttenwerks-Gesellschaft, Prague.
- Josef Janousek, landowner, Dusniky; vice president of the Zentralverband landwirtschaftlicher Genossenschaften and of the "Kooperativa" Einkaufsverband landwirtschaftlicher Genossenschaften r. Gen. m. b. H. Prague.
- Dr. Nikola Kostrencic, Zagreb; general manager of the Jugoslavische Bank A. G., Zagreb (concern of the Industrial Bank, Prague).
- Eudore Lefèvre, Zürich; manager of the "Gefucin," Gesellschaft für Soda und chemische Industrie m. b. H., Zürich (Solvay-group).
- Ferdinand Maresch, Aussig (+ August 1940); proprietor of the firm Ferdinand Maresch, Syderolith- u. Majolikafabrik, Aussig (holder of a share packing in the hands of the family).
- Dr. Vojtech Mastny, ambassador out of service, Prague (up till 1938 ambassador of the Czecho-Slovakian republic at Berlin).
- Eng. Ladislaus Novak, Prague; president of the Westböhmischer Bergbau-Aktien-Verein, Prague.
- Wilhelm Pauliny, Neusohl (Slovakia); president and general manager of the Nationalbank A. G., Neusohl.
- Dr. Heinrich Richter-Brohm, Prague; first director substitute of the Prager Eisen-Industrie Gesellschaft, Prague.
- Franz Freiherr von Ringhoffer, Prague (+ 30th November 40); president of the Ringhoffer-Tatra-Werke A. G., Prague.
- Dr. Ivan Ruzicka, Strebichowitz; joint proprietor of the firm Brüder Vitousek, Lederfabrik Strebichowitz; vice president of the Handels-u. Produktionssyndikat der Lederindustrie r. Gen. m. b. H., Prague.
- Dr. Wenzel Schuster, Prague; vice president of the Böhmisches Union Bank, Prague.
- Jan N. Sponar sen., Vyskov; partner and manager of the J. N. Sponar G. m. b. H., Spiritusfabrik und Kaffeebrennerei, Vyskov (formerly member of the board of directors of "Solo").
- Karl Svoboda, Prague; first director of the Agrarbank, Prague.
- Frédéric Swarts, University Professor, Gent; representative of Solvay & Cie., Brüssel.

Management:

- Lecturer Frantisek Wenzl, agriculturist, Brünn; president of the "Moragro" Zentral-Handels-Gesellschaft der landwirtschaftlichen Genossenschaften, Brünn.
- Dr. Karl Martinek, Prague, general manager; total management and general commercial manager.
- Dr. Eng. Viktor Ettel, Prague, central director; technical management.
- Eng. Josef Cizek, Schüttenhofen, director; manager of the Schüttenhofen works.
- Vlastislav Ondrusek, Prague, director; commercial manager of the "Solo" works.
- Carl Schäffler, Prague, director; sale of inorganic products (including active charcoal).
- Lecturer Dr. Eng. Vladimir Skola, director; Neu-Ratowitz, manager of the Neu-Ratowitz works.
- Dr. Anton Srba, Prague, director; manager of the general secretary.
- Dr. Friedrich Srp, Prague, director; sale of organic products and printing inks.
- Dr. Jaroslav Chorvat, Bratislava, vice director; manager of the office for Slovakia in Bratislava.
- Wenzel Klimes, Prague, vice director; manager of the bookkeeping dept.
- Dr. jur. Jan Krajic, Prague, vice director; sale of "Solo" packings.
- Frantisek Machanek, Prague, vice director; manager of the purchasing dept.
- Eng. Franz Riedmaier, Hruschau, vice director; manager of the Hruschau works.
- Eng. Ivan Setlik, Prague, vice director; manager of the Chrast works.
- Vladimir Böhm, Prague, proxy; sale of matches.
- Ladislav David, Prague, proxy.

Management—Continued

Eng. Rudolf Dohnalek, Rybitew, proxy; manager of the Rybitew works.

Dr. Eng. Jaroslav Jelinek, Prague, proxy; manager of the technical calculation department.

Dr. Eng. Hynek Majtl, Novaky, proxy; manager of the Novaky works.

Eng. Anton Münzberg, Hruschau, proxy; manager of the sulphuric acid plant.

Dr. Jaroslav Raupach, Prague, proxy; manager of the tariffs dept. and of the commercial reports dept. for the production and the sale of matches.

Dr. Jaroslav Richter, Prague, proxy; legal dept.

Karl Sedlacek, Prague, proxy.

Dr. Jaroslav Skorkovsky, Prague, proxy; legal dept.

Eng. Andrej Smiesko, Prague, proxy; manager of the Rosenberg works.

Share capital, K. 237,000,000; divided into 395,000 shares of K. 600 each:

The extraordinary general meeting decided to increase the capital from Kc. 79,000,000 to K. 237,000,000 by stamping the shares from Kc. 200 to K. 600 (carried through at the end of 1940); the increase of capital was covered from the reserves (partly from the still reserves contained in the credits).

The development of the share capital since the foundation is as follows:

1858	fl. 1,000,000.	
1871	fl. 2,000,000.	
1893	fl. 3,000,000.	Issue of gratis shares.
1909	K. 9,000,000.	
1911	K. 12,000,000.	
1914	K. 14,500,000.	
1917	K. 18,000,000.	
1920	Kc. 36,000,000.	
1922	Kc. 40,000,000.	
1923	Kc. 50,000,000.	
1935	Kc. 58,000,000.	Exchange of shares with "Solo."
1935	Kc. 70,000,000.	Exchange of shares with "Explosia" and "Synthesia."
	Kc. 75,000,000.	
1938	Kc. 79,000,000.	Exchange against "Solo" shares on the occasion of the fusion.
1939	K. 237,000,000.	Increase of capital by dissolving the reserves.

Principal shareholders:

Gewerbebank (Zivnostenska banka), Prague	----- minority	} Majority.
Solvay group	----- abt. 15%	
Agrarbank, Prague	----- abt. 6%	

Böhmische Union-Bank, Prague.

Kreditanstalt der Deutschen r. Gen. m. b. H., Reichenberg.

Familienbesitz Maresch, Aussig.

The packing of shares in the hands of the Gewerbebank, Prague, composes of own property, shares deposited with the Gewerbebank and such shares put at its disposal on account of its being the leader of a consortium of Czech shareholders of the Prager Verein. Gewerbebank and Solvay group together hold the majority of shares. To form the majority, from case to case part of the shares in the hands of the Solvay group are handed over to the Gewerbebank. Thus this bank held the majority with 50.6% in the general meeting of 27th June 1939, whereas the Solvay group advised only 6.3% of the shares.

In the general meeting of the Prager Verein of 20th June, 1940, the following firms were present:

	Votes ¹
Gewerbebank, Prague	5, 880=37. 2%
Solvay group	2, 303=14. 6%
Agrarbank, Prague	943=6. 0%
Böhmische Union-Bank, Prague	440=2. 8%
Kreditanstalt der Deutschen, Reichenberg	420=2. 7%
Böhmische Escompte-Bank, Prague (for customers)	312=2. 0%
I. G. Farbenindustrie A. G.	308=2. 0%
Länderbank, Vienna (for customers)	80=0. 5%
Aktienfabriken Kolin (Group Prager Verein)	80=0. 5%

¹ 25 shares=1 vote.

Dividends:	<i>Per share</i> ¹
1922-1930.....	Kc. 40=20%
1931-1935.....	Kc. 20=10%
1936.....	Kc. 23=11.5%
1937.....	Kc. 25=12.5%
1938.....	Kc. 30=15%
1939.....	Kc. 30=5%

¹ Increase of the nominal value of the shares from Kc. 200 to K. 600.

Rate of exchange of the shares (see the following sketch):

The shares of the Prager Verein are officially quoted at the Prague stock exchange. From 21st September 1938, to the beginning of November 1940 the Prague stock exchange was closed; for that period only illegal rates of exchange are at disposal.

Rate of exchange in Kc. p. piece	Maximal	Minimal	Last
1926.....	732	552	672
1927.....	1,088	678	992
1928.....	1,248	964	1,178
1929.....	1,331	995	1,055
1930.....	1,116	590	633
1931.....	764	420	452
1932.....	542	298	502
1933.....	865	493	728
1934.....	998	728	988
1935.....	1,080	857	1,030
1936.....	1,585	1,042	1,535
1937.....	1,650	905	990
1938 (up till 21st Sept.).....	1,000	795	795
1940:			
August.....	1,730	1,525	1,715
September.....	1,840	1,760	1,840
October.....	2,055	1,875	2,055
November.....	2,390	2,150	2,390
December.....	2,580	2,440	2,550
1941:			
2nd January.....			2,600
6th ".....			2,700
8th ".....			2,860
9th ".....			2,940
10th ".....			3,030
13th ".....			3,115
14th ".....			3,075
15th ".....			3,050
16th ".....			2,960
17th ".....			2,900
20th ".....			2,950
21st ".....			3,030
23rd ".....			3,110

By the increase of capital planned at the end of 1939 by stamping the shares from nominal Kc. 200 to K. 600 the intrinsic value of the shares did not change as the whole increase of capital was covered by reserves.

Balance: Balance analysis for the years 1932-1930 see appendix. (For the years 1932-1937 internal vouchers for balances of the Prager Verein were available for analyzing.)

Turn-over:

The turn-overs of the Prager Verein in the years 1930-1937 (excepting the sale of charcoal) were as follows:

1930.....	Kc. 282.7 million
1931.....	Kc. 236.8 "
1932.....	Kc. 198.9 "
1933.....	Kc. 204.8 "
1934.....	Kc. 244.4 "
1935.....	Kc. 260.5 "
1936.....	Kc. 314.4 "
1937.....	Kc. 372.9 "

Turn-over—Continued

Round 83% each of the total turn-over in the years 1935–37 were apportioned to the works at Aussig and Falkenau ceded by the Prager Verein towards the end of 1938

Works	1935	1936	1937	1935	1936	1937
	In million Kc.			In percent		
Aussig.....	148.2	174.6	204.9	82.8	83.6	82.6
Aussig printing inks.....	3.5	4.0	4.3			
Falkenau.....	64.0	84.3	98.8			
Hruschau.....	35.9	41.7	53.1	16.6	15.7	16.7
Sillein.....	7.4	7.6	9.4			
Goods of unknown origin.....	1.5	2.2	2.4			
	260.5	314.4	372.9	100.0	100.0	100.0

In 1938 the turn-over (according to the business report) up till end of September attained the same figures as up till the same date of the preceding year. From the beginning of October the turn-overs of the Sudetic works ceased for the last quarter of the year, whereas the turn-overs of the remaining works were the same as in the preceding year. Thus the turn-over in 1938 amounted to round K. 300 million.

By starting new productions in the remaining works Hruschau and Sillein, by starting new works in Handlova and Novaky, by purchasing and enlarging works in Prague-Wissotschan, Rostok, Chrast, Neu-Ratowitz and Slovenska L'upca, by selling the stocks of Petscheck (particularly aniline dyestuffs) and by the annexion of the "Solo" works the Prager Verein was in a position to balance the turn-over decreased by ceding the Sudetic works Aussig and Falkenau. According to the business report, the Prager Verein succeeded to attain the same turn-over for 1939 as that of 1938 was.

The annual turn-over in 1939 may therefore also be assumed to amount to about K. 300 million, of which sum probably more than 50% may be apportioned to the "Solo" works.

(A) IN THE PROTECTORATE BOHEMIA AND MORAVIA

Chemical works and printing ink works (see the card overleaf):

Hruschau:

Chemical works:

Manager of the works: Engr. Franz Riedmaier.

Manager of the sulphuric acid plant: Eng. Anton Münzberg.

Crew: About 5–600 workmen and employees.

The works possess an own steam house and own waterworks, but are supplied with foreign current and foreign gas.

Plants:

	Capacities (tons p. a.)
Sulphuric acid.....	37,000
Hydrochloric acid.....	10,000
Sodium sulphate.....	7,000
Glauber's salt.....	2,200
Soda cryst.....	2,200
Sodium sulphide cryst.....	3,600
Sodium sulphide conc.....	1,200
Sodium sulphite (new).....	
Sodium bisulphite (new).....	
Sodium hydrosulphite.....	1,900
Lithopone.....	4,000
Blank fixe.....	360
Barium chloride (new plant).....	
Titanium White (new plant).....	1,200
Red dyes (invoiced as Fe ₂ O ₃ , 100%).....	430
Pompeian Red (invoiced as Fe ₂ O ₃ , 40%).....	1,260
Chloride of zinc lye 50°Bé.....	3,600

(A) IN THE PROTECTORATE BOHEMIA AND MORAVIA—continued

Chemical works and printing ink works—Continued

Hruschau—Continued

Plants—Continued

	<i>Capacities (tons p. a.)</i>
Zinc sulphate	720
Magnesium sulphate	900
Contact mass (new plant)	
Active charcoals:	
Decolouring charcoal Carboraffin	900
Granulated active charcoal for protection against gas or for producing vapours	420

In 1939 a new Zieren furnace with a capacity of 10,000 tons hydrochloric acid, p. a. and 7,000 tons sodium sulphate p. a. was started to replace an old plant (9,600 tons hydrochloric acid p. a. 6,600 tons sodium sulphate p. a.), which is kept in reserve.

The production of barium chloride, sodium sulphite and sodium bisulphite, contact masses and Titanium White was started. The Titanium White plant shall for the present only produce 4–500 tons p. a.

The Hydrosulphite plant was in the last years producing its full capacity and was improved insofar that the Hydrosulphite is one of the best articles in Hruschau.

The sodium sulphide plant was completely reconstructed in 1938. For the sale of Lithopone an agreement providing for the cooperation with the German Lithopone Cartel (Lithopone-Kontor G. m. b. H., Köln) exists.

Rybitew (Czech *Rybitvi*) near Pardubitz:

Works' manager: Eng. Rudolf Dohnalek.

Assistant: Dipl. Eng. Dostrasil.

The works which are situated about 1.5 km. northward of the Elbe, are being erected since 1939 and shall be enlarged so far as to become the largest and most modern works of the Prager Verein. In all hitherto about K. 60 million are said to have been invested.

As is recognizable up till now, particularly organic products, such as—

Sulphur Black

Azo dyestuffs

Anthraquinone dyestuffs and

Aniline oil and Aniline salt,

some nitro products, such as—

Nitro benzene

Dinitrophenol and others,

and some unimportant organic intermediates for the production of aniline dyestuffs shall be produced. The production of Sulphur Black and aniline oil shall be started first.

Still wanting intermediates as well as sulphuric acid, nitric acid, and other chemical auxiliaries can be purchased from the Semtin works of "Synthesis" chemische Werke A. G., situated in the neighbourhood.

The electric current of the works is supplied by a foreign power station on the Elbe.

In order to accelerate the very slow supply of machinery required for many plants at Rybitew which are already finished in plain structure, the Prager Verein participated in the small machine works Janka & Co. A. G. at Radotin (near Prague) by purchasing the majority of shares of these works. It is intended also to establish at Rybitew a large scientific central laboratory for all works of the concern of the Prager Verein—even for inorganic chemistry.

It is said that for the Rybitew works also the production of inorganic products and heavy chemicals is planned at long sight.

Petschek: Works' manager, Dr. Hrbek.

The Prager Verein took over from its affiliated company Aktienfabriken zur Erzeugung von Chemikalien Kolin the Petschek works (which were closed for years) for own management, to store there the stocks—particularly of aniline dyestuffs—brought away from the Sudetic works Aussig and Falken and in September 1938 before the marching in of the German troops.

In 1939 a dyestuff mixing plant and an experimental dyehouse as well as small laboratories were established.

(A) IN THE PROTECTORATE BOHEMIA AND MORAVIA—continued

Chemical works and printing ink works—Continued

Chrast Pharmaceutical works, near Chrudim: Works' manager, Eng. Ivan Setlik.

The Prager Verein took over the Chrast works in the beginning of 1939 from the firm Dr. Eng. Rob. Heisler at K. 15 million.

The production of—

Pharmaceutical specialties
 Injections of any description
 Sulphuric ether
 Anaesthesine
 Ethyl chloride
 Alkaloids
 Opiates
 Hormon preparations
 Glycero phosphates and
 Laevulose

is continued. Moreover the manufacturing program shall be extended, particularly with regard to such pharmaceutical products which were hitherto produced by the Oderberger chemische Werke A. G. in the Neu-Oderberg works now belonging to Greater Germany.

Simultaneously with the Chrast works also the production of cigarette paper and cigarette husks was taken over.

When taking over the works, about 80 workmen were employed there.

Neu-Ratowitz: Works' manager, Director, Dr. Eng. Vladimir Skola.

The Neu-Ratowitz works—a manufacture of victuals—was taken over by the Prager Verein in 1939 from the "Geo" Produktions-und Grosseinkaufsverband für Erwerbs-und Wirtschafts-Vereinigung r. Gen. m. b. H., which was in liquidation, at K.6 million.

Part of the manufacture of victuals was closed, whereas other sections are continued as branch works of the "Biochema," Landwirtschaftliche chemische Werke A. G., Mödritz—which the Prager Verein annexed to its concern by acquiring the majority of shares of this firm—(vinegar production, potato starch, glucose, syrup). The production of other victuals, particularly of preserved fruit, was started anew.

The plants set free by the partial stopping of the manufacture were established as plants for the Prager chemische Werke A. G. (formerly Oderberger chemische Werke A. G.). On the grounds of the Neu-Ratowitz works at present a *spun rayon works is being erected* with a planned capacity of 10,000 tons p. a. (I. G. process), which the Prager Verein will manage itself.

To safeguard the supply of electric current to the works, the Prager Verein in the middle of 1940 purchased the firm Bohdan Kasper at Lobkowitz (near Neu-Ratowitz), which not only disposes of a small calcium carbide plant (capacity 1 ton per day), but also of a good power station with water wheels.

At the end of 1939 the crew consisted of about 80 workmen.

Prague-Wissotschan: Printing ink works: Production of metal foils:

Works' manager: Dr. Eng. Karl Vnuk.

Commercial manager: Karl Pisinger.

The Prager Verein took over the works at the end of 1938 from the firm Weissberger & Co. The works, which originally only produced Rotation Black, is now enlarged to be suitable for the production of printing inks of any description.

When the works were taken over, the crew consisted of 50 workmen.

Rostok, near Prague, printing ink and chemical works: Works' manager: Dr. Eng. Bohumil Slemr.

The works, which were bought at the beginning of 1939 from the firm Eng. Jaroslav Velinsky (Fabrik Chemisch-Pyrotechnischer Erzeugnisse), have been entrusted with the production of printing inks and bronze colours and aluminium sulphate of the Kossolup works of the firm Weissberger & Co. situated in the Sudetes. (The Kossolup works were ceded).

The crew consists of about 100 workmen.

(B) IN SLOVAKIA

Chemical works and printing ink works—Continued

Sillein: Sulphuric acid and super phosphate works:

Works' manager: Eng. Karl Fingerland.

Commercial manager: Anton Stross.

Crew: About 120 workmen and employees.

The works get their electric current from foreign sources (Vereinigte Elektrizitätswerke der Nordwestlichen Slovakei A. G., *Sillein*, in which the *Prager Verein* participated in 1938 with 10–15%).

Plants:

	<i>Capacities (tons p. a.)</i>
Sulphuric acid:	
Roasting plant	15, 600
Contact plant (newly erected in 1936)	20, 000
Super phosphate (calculated to be 16% max.)	36, 000
Sulphate of copper (started in 1939) max.	1, 500

During the last years only 16,000 tons super phosphate p. a. were produced; the stores would not be large enough for 36,000 tons p. a.

A plant for military specialities annexed to the *Sillein* works—not managed by the *Prager Verein*—was closed and is said to have been pulled down.

Handlova: Calcium carbide and ferro-alloying plant: Works manager: Eng. Mack.

Plants:

1. Furnace with a capacity of 1,800 kw.:
Capacity about 3,000 tons calcium carbide p. a.
Started in autumn 1938.
2. Furnace with a capacity of 2,200–2,400 kw.:
Capacity about 2,800 tons ferro silicium 45% p. a.
Started in the middle of 1939.
3. Furnace with a capacity of 4,400 kw. *at present being erected.*
Capacity about 5,600 tons ferro silicium 45% p. a.

The two first-named furnaces have rotatory-current transformers with a capacity of 2,500 kva. at 5,000 v. primary and 120–90 v. secondary voltage. They work with 3 intermittent electrodes in a row with a rectangular cross section and have furnace coops with a rectangular cross section (old-fashioned type). The construction is obsolete but very stable in regard to the easy handling by green hands.

In the first furnace, carbide (on an average 300 l raw acetylene per 1 kilo carbide) is produced, i. e., round 9 tons per working day, which equals round 3,000 tons p. a. This furnace can also be used for producing FeSi without considerable technical alterations in respect of the body of the furnace being necessary. In this case the furnace will supply 6.5 t FeSi 45% or 3.3 t FeSi 75% per working day.

FeSi 90% can, in consideration of the poor electric capacity, for economical reasons not be produced in this furnace. In the project an annual production of 2,500 t carbide for selling in grains 15/80 mm and 500 t carbide in small grains of 0/15 mm (for a future Dissous gas production) was planned for the first furnace.

The second furnace serves for the production of FeSi and is suitable for producing all qualities of 25–95% Si-content. The production per day is—

13 t FeSi with 25–30% Si
8.5 t “ “ 45% Si
4.5 t “ “ 75% Si
3.2 t “ “ 90% Si

Thus the furnace supplies 2,800 tons FeSi 45% p. a.—

or 1,500 tons FeSi 75% p. a.

or 1,050 tons FeSi 90% p. a. when working during the whole year. In the project it was planned that, according to the probable sales of—

45% : 75% : 90%
as of 40% : 50% : 10%
per annum 1,000 t FeSi 45%
750 t FeSi 75%
and 125 t FeSi 90%

should be produced, that means 2,500 tons p. a. reduced to 45% FeSi.

If both furnaces are used for producing FeSi, their maximal capacity is:

5,000 t FeSi 45% p. a.

or 2,600 t FeSi 75% p. a.

(B) IN SLOVAKIA—continued

Chemical works and printing ink works—Continued

If the 3rd furnace, which is suitable for the production of FeSi, will be started, the first two furnaces shall only be used for the production of carbide.

It is intended to process carbide into nitrogen of lime and Dissous gas.

Novaky: (15 km. west of Handlova) Chlorine electrolysis: Works' manager, Dr. Eng. Hynek Majtl.

Plants:

Chlorine electrolysis:

Capacity 7,000 t NaOH p. a.

6,000 t chlorine p. a.

Remelting plant for NaOH solid quality: Capacity 3,600 t. p. a. (working since August 1940).

Products:

Caustic soda.

Chlorine, liquid.

In spring 1939 the first part of the plant (32 cells, 8,000 amp.) with a maximal capacity of 2,800 t NaOH p. a. and 2,500 t chlorine p. a. was started.

The enlargement to the above-mentioned capacity was finished in 1940.

Up to the finishing of the remelting plant, the plant was only exploited up to 2,400/2,800 t NaOH p. a. Now an increase of the production to 3,600 NaOH p. a. is expected.

The production of bleaching lye, chloride of lime, hydrochloric acid, and trichlorethylene is planned.

Slovenska L'upca: Printing ink and bronze colour works: The works were taken over at the end of 1938 from the firm Weissberger & Co.

Products: Printing inks.

Bronze colours.

Driers.

"Solo" Works:

(A) IN THE PROTECTORATE BOHEMIA/MORAVIA

Schüttenhofen (Bohemia):

Works' manager: Director Eng. Josef Cizek.

Crew: About 750 workmen and employees.

Plants:

Matches works.

Package works: Production of cups, pots, pans, and round boxes bearing the trademark "Solokup" from impregnated paper.

Sawmills (2 works).

To the *Schüttenhofen* works belong extensive woods in the territory Vogel-sang near Bergreichenstein in the territory annexed to Bavaria, south of *Schüttenhofen*.

Budweis (Bohemia): Matches works with an own towing railway. The works are closed since 1933.

Leipnik (Moravia):

Match works.

Crew: About 200 workmen and employees.

Pottenstein near Adler-Kosteletz: Small works for the production of paper cord.

(B) IN SLOVAKIA

Rosenberg: cellulose- and paper works:

Works' manager: Director, Eng. Andrej Smiesko.

Crew: About 600 workmen and employees.

Plants:

Cellulose and paper mills:

1 high power grinding machine.

5 cellulose boilers.

4 presses.

19 rag engines.

5 paper machines

1 pasteboard machine.

Production:

About 17,000 tons paper p. a.

About 26,000 tons cellulose for selling p. a.

'Solo' Works—Continued**(B) IN SLOVAKIA—continued**

The sawmills in Turany and Lipt. Osada originally belonging to the above works were in 1939, together with further 5 newly acquired Slovakian sawmills by utilization of empty shares annexed to the Rosenberger Cellulose- und Papierfabrik A. G., Rosenberg.

Neuschl: Matches works.

Coal fields: The Prager Verein possesses considerable brown coal fields in Püllna near Brüx (Sudetes), which were not yet worked.

Woods: The Prager Verein possesses considerable woods in the domain Vögelsang near Bergreichenstein (Bavaria). (See under Schuttenhofen works.)

Waterworks in Yugo-Slavia: The Prager Verein possesses—still since the time before the Great War—privileges to utilize considerable waterpowers on the Narenta (Yugo-Slavia), which, however, were up till now not yet made use of. Some years ago, the Prager Verein succeeded in having confirmed its privileges by numerous actions at law against adjacents.

Store in Prague: The Prague Verein possesses a large store in Prague VII.

Total crew: The crew of all own works (including the "Solo" Works) amounts to about 4,500–5,000 workmen and employees.

Products:**Chemicals:**

Sulphuric acid.

Fuming sulphuric acid.

Super phosphate.

Hydrochloric acid.

Sodium sulphate.

Glauber's salt.

Soda cryst.

Sodium sulphide cryst. and conc.

Sodium sulphite.

Sodium bisulphite

Sodium hydrosulphite

Caustic soda

Chlorine, liquid

Sulphate of copper

Chloride of zinc lye 50° Bé. (= 106° Tw)

Zinc sulphate

Magnesium sulphate

Aluminium sulphate

Calcium carbide

Ferro silicium

Blanc fixe

Barium chloride

Titanium White

Red colours

Pompeian Red

Contact mass

Driers

Aniline dyestuffs and intermediates (from the store at Petschek):

Aniline dyestuffs

Intermediates

Printing inks of any description:

Bronze colours

Active charcoals:

For decolouring.

Protectives against gases

Steam generation

Pharmaceutics:

Pharmaceutical specialities

Injections of any description

Alkaloids

Opiates

Hormon preparations

Glycerophosphates

Laevulose

Sulphuric ether

Anaesthesine

Ethyl chloride

(B) IN SLOVAKIA—continued

Products—Continued

Metal foils

"Solo" products:

Cellulose

Paper

Matches

Impregnated paper packages bearing the trade-mark "Solokup", cups, pots, pans, boxes

Paper cord: The manufacturing program of the own works of the Prager Verein is supplemented by that of various concern companies in the Protectorate Bohemia and Moravia. Thus the following products are manufactured:

Chemicals:

Accumulator acid.....

Phosphoric acid.....

Sulphate of alumina.....

Sal-ammoniac.....

Hydrogen peroxide.....

Perborate.....

Borax.....

{ Aktienfabriken zur Erzeugung von Chemikalien Kolin, Prague (Kolin Works).

{ Ziegelfabriken und Chemische Werke A. G., Göding (Göding Works).

Photographics:

Films.....

Plates.....

Chemicals.....

{ "AKO" A. G. für die Erzeugung von Photobedarfsmitteln und Chemikalien, Prague (Bohemian-Brod Works).

Pharmaceutics:

Pharmaceutical specialities.....

Vitamin preparations.....

Salvarsan.....

Salicylic acid.....

Acetyl salicylic acid.....

Methyl chloride.....

Ethyl chloride.....

Radioactive therapeutical preparations.....

Pharmaceutical specialities.....

Veterinary preparations.....

Pharmaceutical chemicals (pure silver, iron, bismuth, mercury salts).....

Glycero phosphates.....

{ Aktienfabriken zur Erzeugung von Chemikalien Kolin, Prague (Kolin Works).

{ Prager chemische Werke A. G., Prague (Hruschau and Neuratowitz Works)..

Preservatives for plants.....

{ Aktienfabriken zur Erzeugung von Chemikalien Kolin, Prague (Kolin Works).

Pyrethrum extracts for insecticides.....

{ Ziegelfabriken und Chemische Werke A. G., Göding (Göding Works).

Cauterisates for seeds.....

Products for preventing weeds.....

Pickling agents.....

Carbolineum for fruit trees.....

{ Prager chemische Werke A. G., Prague (Hruschau and Neuratowitz Works).

Caustics.....

Insecticides.....

{ "Biochema", Landwirtschaftliche Chemische Werke A. G., Mödritz (Mödritz Works).

(B) IN SLOVAKIA—continued

Products—Continued

Products for utilizing bones:

Bone glue.....	} "Ossa" A. G. für chemische Industrie, Prague (Prague-Wisotschan Works).
Bone fat.....	
Tutty (bone black, bone ashes).....	
Bone dust.....	
Horn dust.....	
Fodder lime.....	
Photo gelatine.....	
Techn. gelatine.....	
Glycerine.....	
Elain.....	
Stearine.....	} A. G. für Chemische Industrie, Tabor (Tabor Works).
Leather glue.....	
Leather fat.....	
Leather dust.....	
Horn dust.....	} "Biochema" Landwirtschaftliche Chemische Werke A. G., Mödriz (Mödriz Works).
Gelatine.....	
Bone dust.....	
Fodder limes.....	

Special products:

Saccharine.....	} Prager Chemische Werke A. G., Prague (Hruschau and Neu-Ratowitz Works).
Zinc White.....	
Anticorrosive agents.....	
Protectives against flames.....	
Preserving agents.....	
Acidproof cements.....	
Blue insulating agents.....	
Cold glue.....	} "Biochema" Landwirtschaftliche Chemische Werke A. G., Mödriz (Mödriz Works).
Cer-fire-stones.....	
Soaps.....	
Volatile oils and essences.....	
Scents.....	
Inks.....	
Blackings.....	
Cements.....	
Synthetic intestines.....	
Chemicals for building.....	

Victuals:

Preserved fruits and vegetables.....	} "Biochema" Landwirtschaftliche Chemische Werke A. G. Mödriz (Mödriz, Babitz and Neu-Ratowitz Works).
Juices of fruit (jellies, syrups).....	
Vinegar.....	
Potato starch.....	
Glucose.....	} "Biochema" Landwirtschaftliche Chemische Werke A. G., Mödriz (Mödriz, Babitz and Neu-Ratowitz Works).
Spiceries for soups.....	
Candies.....	
Coffee substitutes.....	
Honey substitute.....	
Chocolate.....	

Program for enlargement: According to an internal program for enlargement, the Prager Verein plans at long sight the starting of the following productions:

Chlorine compounds.
 Chlorinated hydrocarbons.
 Nitrogen of lime.
 Acetylene and allied compounds.
 Acetic acid.
 Acetaldehyde.
 Oxalic acid.
 Formates.
 Formic acid.
 Halogen compounds.

(B) IN SLOVAKIA—continued

Program for enlargement—Continued

Carbon bisulphide.
 Fluorine products.
 Cupric salts.
 Tin salts.
 Sulphur and its compounds.
 Extraction of sulphur by gas-cleaning.
 Condensing and liquefaction of gases.
 Phosphates.
 Bleaching clay (china clay).
 Flotation chemicals.
 Ponderosit.
 Lactic acid.
 Cyanides and allied compounds.
 Tannins.
 Methanol synthesis.
 Formaldehyde.
 Synthetic resins and varnishing resins.
 Plastics.
 Synthetic gas.
 Hydrogen by gasifying.
 Gasifying of charcoal.
 Tar cracking (Teerkrakung).
 Synthesis of ammonia and its compounds.
 Hydration of charcoal and tar under pressure.
 Processing of gases by low-pressure hydration
 Aluminum oxide.
 Aluminum.
 Magnesium.
 Electrodes.
 Ferro alloys.

Participations:

(A) PRODUCTION COMPANIES OF THE OWN CONCERN

1. *Protectorate Bohemia and Moravia*

Aktienfabriken zur Erzeugung von Chemikalien Kolin, Prague:

Joint stock: K. 20,000,000.

Principal shareholder: Prager Verein by far the majority.

Works:

Kolin Chemical and superphosphate works.

Schlan (closed). Sulphuric acid and superphosphate works.

The closed Petschek works was taken over by the Prager Verein end of 1938. The Budweis works closed in 1934 was pulled down. The small Neu-Erlaa works near Vienna was sold in 1939.

In 1939 the dispensary in Prague, Altstädter Ring, was bought.

Ziegelfabriken und Chemische Werke A. G., Göding:¹

Joint stock: K. 12,000,000.

Principal shareholder: Prager Verein, 90%.

Works:

Göding (Moravia) Chemical works, brick works.

Theben-Neudorf (Slovakia) Brick works.

Ratschkowitz (near Göding) Lignite pit "Vlasta."

Prager Chemische Werke A. G., Prague (vorm. Oderberger Chemische Werke A. G.):

Joint stock: K. 6,000,000.

Principal shareholder: Prager Verein, 100%.

Works:

Hruschau.

Neu-Ratowitz.

¹ Up till the middle of October 1940 the firm's name was: "Slovakische Ziegelfabriken und Chemische Werke A. G."

Participations—Continued

(A) PRODUCTION COMPANIES OF THE OWN CONCERN—continued

1. *Protectoratē Bohemia and Moravia*—Continued

“Biochema” Landwirtschaftliche Chemische Werke A. G., Mödritz:
Joint stock, K. 7,000,000.

Principal shareholder: Prager Verein, by far the majority.

Works:

Mödritz (near Brünn):

Chemical works.

Fertilizer and fodder works.

Soap and scent works.

Works producing volatile oils and essences.

Works producing synthetic sausage casings.

Plant for drying vegetables.

Babitz (near Ung.-Hradisch): Works utilizing fruits and vegetables.

Neu-Ratowitz:

Works utilizing fruits.

Works producing victuals.

“AKO” Aktiengesellschaft für die Erzeugung von Photobedarfsmitteln und Chemikalien, Prague:

Joint stock: K. 4,000,000.

Principal shareholder: Prager Verein, by far the majority.

Works: Böhmisches-Brod. Production of films, plates, and photochemicals.

“Ossa” A. G. für Chemische Industrie, Prague:

Joint capital: K. 8,000,000.

Principal shareholders:

Prager Verein, majority.

Scheidemantel-Motard-Werke A. G., Berlin, minority.

Works: Prague-Wissotschan. Processing of bones.

Aktiengesellschaft für Chemische Industrie, Tabor:

Joint stock: K. 1,000,000.

Principal shareholder: “Ossa” A. G. für Chemische Industrie, Prague, 100%.

Works: Tabor. Processing of hides and bones.

Hruschauer Tonwarenfabrik A. G., Hruschau:

Joint stock: K. 4,000,000.

Principal shareholders:

Prager Verein, 50%.

Deutsche Ton- u. Steinzeug-werke, Berlin, 50%.

Works: Hruschau. Earthenware (acid-proof cement for the whole chemical wholesale manufactures).

Janka & Co. A. G., Prague:

Joint stock: K. 3,500,000.

Principal shareholder: Prager Verein. Majority.

Works: Radotin (near Prague). Machinery.

Zeleny & Co. Grosshandel und Erzeugung Optischer Waren, Prague:

Public company:

Partners:

Prager Verein. Majority.

Jaroslav Zeleny, Prague. Minority.

Works: Prague. Production of optical articles.

2. *Slovakia*

Handlovaer Kohlenbergbau A. G., Bratislava:

Joint stock: Ks. 57,600,000.

Principal shareholders:

Prager Verein, 60%.

Böhmische Union Bank, Prague, 40%.²

Works:

Handlova:

Brown coal pits.

Output 1939, abt. 775,000 t.

Brickworks and power station with lime-kilns.

Novaky: Brown coal pits.

² With regard to the share packet of 40% deposited at the Böhmische Union Bank the Prager Verein is said to have secured the right of option running till 1941 at a fixed price.

Participations—Continued

(A) PRODUCTION COMPANIES OF THE OWN CONCERN—continued

2. Slovakia—Continued

Rosenberger Cellulose- und Papierfabrik A. G., Rosenberg:

Joint stock: Ks. 5,000,000.

Principal shareholder: Prager Verein, 100%.

Works:

Sawmills and box works at—

Turany nad Vahom.

Lipt. Osada.

Poprad-Velka.

Turcek.

Käsmark.

Hranovnica-Dubina.

Kirchdrauf.

3. Hungary

“Hungaria” Kunstdünger-, Schwefelsäure- und Chemische Industrie A. G.,

Budapest:

Joint stock: P. 6,020,000.

Principal shareholders:

Prager Verein, 33.3%³

Solvay-Group, 33.3%³

Works:

Budapest:

Chemical works.

Production of glue.

Papa (closed):

Sulphuric acid.

Superphosphate.

Sodium-und Leimfabrik A. G., Budapest, 100%. (Szeged works are closed.)

Leim-und Kunstdüngerfabrik A. G., Lipt. Sv. Mikulas, 100%. (Works at Paludzka/Slovakia.)

Sereder Kunstdünger u. Chemische Fabrik A. G., Bratislava in liquidation, 200%. (Works in Sered/Slovakia have been pulled down.) *

“Terrachemia” Chemische Fabrik A. G., Budapest, 33½%. (Bleaching clay works at Nagyteteny.)

“Metallochemia” A. G., Budapest, 34.8%. (Foundry and chemical works at Nagyteteny.)

“Chinoïn,” Fabrik Chemisch-pharmazeutischer Produkte A. G., Budapest, minority. (Works in Neu-Pest.)

Kunstdünger-Verwertungs-A. G., Budapest, minority.

4. Yugo-Slavia

“Zorka” Erste Jugoslawische A. G. für Chemische Industrie, Belgrad.

Joint-stock: Din. 25,000,000.

Principal shareholders:

Prager Verein, 52% } 89%⁴

Solvay Group 37% }

Hinko Mayer i. drug, Zagreb, 11%.

Works:

Chemical works at—

Subotica.

Schabaz.

³ Participation on 30th June, 1938. It is not known whether for camouflage reasons alterations in the participation have taken place. The joint participation was transferred to the Gesellschaft für Soda und Chemische Industrie m. b. H. (Gefucin), Zürich.

⁴ Participation on 30th June 1938. It is not known whether for camouflage reasons alterations in the participation have taken place in the interim. The joint participation was transferred to the Gesellschaft für Soda and Chemische Industrie m. b. H. (Gefucin), Zürich.

Participations—Continued

(A) PRODUCTION COMPANIES OF THE OWN CONCERN—continued

5. Roumania

“Marasesti” Rumänische A. G. für Chemische Industrie. Bukarest.

Joint-stock: Lei 100,000,000.

Principal shareholder: Prager Verein, 100%.⁶

Works:

Valea Calugareasca (near Ploesti): Chemical works.

Kronstadt: Chemical works.

Marasesti: Processing of bones.

The works Rohozna near Czernowitz (processing of bones) have been annexed to Russia when the Bukowina was ceded.

(B) SOLVAY COMPANIES

Nestomitzer Solvay-Werke Solvay & Cie. K. G., Nestomitz:

Complementary: Solvay Group, 55%.⁶

Shareholder: Prager Verein, 45%.⁶

Works: Nestomitz (Sudetes): Soda ammonia works.

Ebenseer Solvay-Werke Solvay & Cie. K. G. Ebense:

Complementary: Solvay Group, 55%.⁶

Shareholder: Prager Verein, 45%.⁶ (Invested capital R.M. 2.286.666,67).

Works:

Ebensee (Austria): Soda ammonia works.

Hallein (Austria): Chlorine electrolysis.

Ostdeutsche Chemische Werke G. m. b. H., Posen:

Capital: Zł 50.000.000 = R.M. 25.000.000.

Partners:

Solvay Group, about 90%.

Prager Verein, about 10%.

Works: Hohensalza (Wartheland): Soda ammonia works.

Kraukau/Podgorze (General Government):

Soda ammonia works

Chlorine electrolysis.

Salzhof (Wartheland): Mineral salt pits.

Grodziec (Wartheland):

Cement works.

Coal-pits.

Jugoslavische Solvay-Werke A. G., Lukavac:

Joint stock: Din 80,000,000.

Principal shareholders:

Solvay Group, 47.4% }⁷ 94.8%.

Prager Verein, 47.4% }

Works: Lukavac. Soda ammonia works.

Rumänische Solvay-Werke A. G., Bukarest:

Joint stock: Lei 400,000,000.

Principal shareholders:

Solvay Group, 49.9% }⁸ 99.8%.

Prager Verein, 49.9% }

Works:

Ocna-Muresului: Soda ammonia works.

Turda: Chlorine electrolysis.

Sandulesti: Lime pits.

⁶ Participation on 30th June 1938. The share packet is deposited with the Gesellschaft für Soda and Chemische Industrie m. b. H. (Gefucin), Zürich. It is possible that meanwhile the Solvay group, for camouflage reasons, have taken over part of the shares.

⁷ Internally Solvay and the Prager Verein always participated with equal percentages. For political reasons Solvay holds the majority officially since 1938.

⁸ Up till 30th June, 1938, Solvay and the Prager Verein participated with half of the shares each. It is not known, whether for camouflage reasons meanwhile an alteration has taken place. The share packets are deposited with the Gesellschaft für Soda und Chemische Industrie m. b. H. (Gefucin), Zürich. A small number of shares are in the hands of members of the board of directors.

⁹ Up to the 30th June, 1938, Solvay and Prager Verein joined in the participation with one-half each of the shares held. It is not known whether for camouflage reasons meanwhile an alteration has taken place. The share packets are deposited with the Gesellschaft für Soda und Chemische Industrie m. b. H. (Gefucin), Zürich. A small percentage of shares is in the hands of members of the board of directors.

Participations—Continued

(B) SOLVAY COMPANIES—continued

Solvay-Gesellschaft m. b. H. für Sodaerzeugnisse, Prague:

Capital: K. 500,000.

Partners:

Solvay Group, 55%.

Prager Verein, 45%.

The company which was founded on 4th January, 1939, planned the erection of a soda ammonia works in the Protectorate Bohemia and Moravia. By the annexation of the Protectorate to Greater Germany this plan will probably have been abstained from.

(C) OTHER PRODUCTION COMPANIES

2. Protectorate Bohemia and Moravia

Böhmisch-Mährische Stickstoffwerke A. G., Mährisch-Ostrau:

Joint stock: K. 65,000,000.

Participation of the Prager Verein: 10.1%.

Works: Mährisch-Ostrau-Marienberg nitrogen and chemical works.

Witkowitz Bergbau-und Eisenhüttengewerkschaft, Mährisch-Ostrau:

Participation of the Prager Verein: Unimportant minority.

Recent information indicates that the Reichswerke "Hermann Göring" have taken over the management. The taking over of the majority of capital (51%) is said to be taken into consideration, but to have been put off.

2. Slovakia

Chemische Industrie A. G., Bratislava:

Joint stock: Ks. 40,000,000.

Principal shareholders:

A. G. Dynamit Nobel, Bratislava, 60%.

Prager Verein, 40%.

Works: Spun rayon works (being erected. Capacity planned: 7,200 t. p. a.

Silleiner Cellulosefabrik A. G., Sillein:

Joint stock: Ks. 9,000,000.

Participation of the Prager Verein (taken over from "Solo"): Minority.*

Works:

Sillein: Cellulose works. Capacity round 38,000 t bleached cellulose p. a.

Poprad: Paper and pasteboard works. Capacity round 2,300 t paper p. a.

Vereinigte Elektrizitätswerke der Nordwestlichen Slovakei A. G., Sillein:

Joint stock: Ks. 20,000,000.

Participation of the Prager Verein: about 10-15%.

Power stations:

On the Rajcanka.

Puchov n. V.

3. Greater Germany

Salzbergwerk Neu-Stassfurt und Teilnehmer K. G., Bitterfeld:

Capital: RM. 6,000,000.

Complementary: Kali-Chemie A. G. (indirect) 50%.

Shareholder: Prager Verein (invested capital RM. 3,000,000), 50%.

Works:

Zscherndorf (near Bitterfeld): Chlorine electrolysis.

Bitterfeld: Brown-coal pits.

Böhmische Glanzstoff-Fabrik System Elberfeld, Lobositz:

Joint stock: Kc. 20,000,000.

Principal shareholders:

AKU Glanzstoff-group, abt. 53%.

Prager Verein, abt. 47%.¹⁰

Works: Lobositz (Sudetes). Capacity 2,100 t Viscose p. a.

* According to the "Frankfurter Zeitung" of 26th January, 1941, the Prager Verein informed the Slovakian Minister of Economics that they have taken over the majority of shares of the company hitherto deposited with the Gewerbebank (Zivnostenska Banka), Prague. Thus the works have been connected more closely with the concern of the Prager Verein.

¹⁰ Situation in June 1938. According to new information the Prager Verein is said to have sold its participation in 1940.

Participations—Continued

(C) OTHER PRODUCTION COMPANIES—continued

3. Greater Germany—Continued

Oderberger Chemische Werke A. G., Oderberg:

Joint stock: Kc. 6,000,000 (not yet changed).

Principal shareholders:

Prager Verein, 33½%.

Chemische Fabrik von Heyden A. G., Radebeul, 33½%.

Fahlberg-List A. G., Magdeburg, 33½%.

Works: Oderberg. Chemical works.

(D) COMPANIES OF THE ACTIVE CHARCOAL GROUP

Aktivkohle-Union-Verwaltungs-G. m. b. H., Frankfurt (Main):

Joint stock: R.M. 20,000 (25% paid in).

Partners:

Metallgesellschaft, 25%.

Degussa, 25%.

I. G., 25%.

Prager Verein, 25%.

Purpose: Joint handling of the active charcoal business (production, sales, and application of the active charcoal).

British Carbo-Union Ltd., London:

Joint stock: £12,500.

Participation of the Prager Verein: 11.34%.

Works: West Thurrock (Essex). Small reactivation plant. On the outbreak of the war a plant for producing coal for decolouring was being erected.

"Carbonit" Erste Rumänische A. G. für die Fabrikation von Aktivkohle, Bukarest:

Joint stock: Lei 2,000,000.

Participation of the Prager Verein: 12.6%.

Works: Sinaia. Small plant for the production of formed active charcoal (capacity 180 t p. a.)

(E) COMPANIES UNDER OWN MANAGEMENT AND SELLING COMPANIES

Prager chemische Gesellschaft m. b. H., Berlin:

Principal stock: R.M. 24,000. 100%.

Purpose: Connection with authorities.

Manager: Director Wilhelm Nussbaumer, Berlin (formerly Chemische Werke Aussig-Falkenau G. m. b. H.).

"Chemicolor" chemische und metallurgische A. G., Budapest:

Joint stock: P. 150,000. Majority.¹¹

Purpose: Selling company.

"Jugocolor" A. G. für den Handel mit Chemischen und Metallurgischen Produkten, Belgrad:

Joint stock: Din. 600,000. Majority.¹¹

Purpose: Selling company.

"Romancolor" Rumänische A. G. für den Handel mit chemischen und metallurgischen Produkten, Bukarest:

Joint stock: Lei 1,000,000. Majority.¹¹

Purpose: Selling company.

Mittelböhmische Papierfabrik A. G., Prague:

Joint stock: K. 1,600,000. Majority.

Purpose: Management of real estates. The company gave up their original intention to erect a rotation papermill and only manage several blocks of real estate of their own at Neu-Ratowitz and in its neighbourhood. In autumn 1940 the Prager Verein bought the majority of shares.

¹¹ The shares are partly held indirectly, amongst others by the managers of the selling company and by members of the board of directors.

Participations—Continued

(F) OTHER SELLING AND CARTEL COMPANIES

"Fosfa" Handelsgesellschaft mit Erzeugnissen der Chemischen Industrie G. m. b. H., Prague:

Capital: K. 1,000,000.

Purpose: Sales of sulphuric acid and superphosphate.

Partners: Amongst others Prager Verein, Aktienfabriken Kolin. Majority.

Centroklih, Handelsgesellschaft mit Chemischen Produkten m. b. H., Prague:

Capital: K. 300,000.

Purpose: Sale of bone glue, leather glue, bone fat, gelatine, etc.

"Sulfit" Verkaufsbüro für Zellulose G. m. b. H., Prague:

Capital: K. 60,000.

Verkaufsbüro der Vereinigten Papierfabriken G. m. b. H., Prague:

Capital: K. 1,250,000.

"Luma" Verkaufsstelle der Zündwarenfabriken G. m. b. H., Prague:

Capital: K. 5,000,000.

"Plama" Zentralverkaufsbüro der Zündwarenfabriken G. m. b. H., Prague:

Capital: K. 2,000,000.

"Iskra" Zündhölzchenverkaufs-A. G., Rosenberg/Slovakia:

Joint stock: Ks. 180,000.

Alsing Trading Co., Ltd., London:

Organization for the selling of matches for exports, in cooperation with the Svenska Taendsticks A/B, Stockholm.

Alliances of common interest:

The Prager Verein concluded amongst others alliances of common interest with the following firms:

"Hungaria" Kunstdünger-, Schwefelsäure- und Chemische Industrie A. G., Budapest:

Agreement re program of production and regulation of the market.

"Synthesia," Chemische Werke A. G., Prague:

Agreement, concerning amongst others the purchase of intermediates from the Semtin works.

Prager Eisen-Industrie-Gesellschaft, Prague:

Agreement re the utilization of byproducts by the Prager Verein, particularly in respect of the erection of coke furnaces planned by the Prager Eisen-Industrie-Gesellschaft (eventually basis for a future erection of a nitrogen plant by the Prager Verein?).

The Calco Chemical Co., Inc., New York (100% affiliated company of American Cyanamid Company):

Agreement re mutual exchange of technical information.

Licenses:

The Prager Verein amongst others granted licences to the following firms:

Ostdeutsche Chemische Werke G. m. b. H., Posen.

Rumänische Solvay-Werke A. G., Bukarest.

Nestomitzer Solvay-Werke Solvay & Cie. K. G., Nestomitz.

"Hungaria" Kunstdünger-, Schwefelsäure-, und Chemische Industrie A. G., Budapest.

Salzbergwerk Neu-Stassfurt und Teilnehmer K. G., Bitterfeld.

Fabriques de Produits Chimiques de Thann et de Mulhouse, Thann.

The annual receipts of licence fees are considerable. In the years 1932-1937 the following amounts were booked:

1932	Kc.	2,932,569.
1933	"	8,892,605.
1934	"	9,928,864.
1935	"	11,035,085.
1936	"	10,557,642.
1937	"	10,157,268.

Salzbergwerk Neu-Stassfurt und Teilnehmer K. G., Bitterfeld, in which the Prager Verein participates as shareholder with 50%, pays besides the annual dividend RM. 300,000 (=K. 3,000,000) license fees per annum (electrolysis).

Fabriques de Produits Chimiques de Thann et de Mulhouse, Thann,¹² the electrolysis of which has been erected according to the same methods as that of the Prager Verein, had regularly to pay to the Prager Verein 25-30% of their net profits in the products manufactured by electrolysis for the installation.

¹² In the beginning of the twenties the Prager Verein participated temporarily in this works.

EXHIBIT No. 22

LETTER OF AUSSIGER VEREIN OBJECTING TO FARBEN'S ACTIVITIES IN CONNECTION WITH ITS PLANTS

[Translation]

VEREIN FÜR CHEMISCHE UND METALLURGISCHE PRODUKTION
[Chemical and Metallurgical Production Association]

OFFICE OF THE GENERAL MANAGER

Telephone 23344 to 23347. Interurban 23348

Cable address: Aussiger Praha. Mailing address: Prague II. P. O. B.

10, Na Prikope.

PRAGUE, November 1, 1938.

To the Management of the Aussig and Falkenau Plants of the "Verein für Chemische und Metallurgische Produktion." Aussig on the Elbe.

In reply please refer to: G. S. 45.871

Before replying in detail to your letter R. A. 70193 of October 28th, last, we deem it necessary first to make a few observations regarding *matters of principle*.

From the wording of your letter it can be clearly seen that you envisage an agreement between yourselves and Prague as though two juristically separate legal persons were dealing with each other in these matters. We wish to protest most vigorously against such an opinion, and hereby again call your attention to the fact that, as has been the case until now, Aussig and Falkenau, for the management of which administrators have been temporarily appointed, are only plants of our firm, and that no legal personality is vested in the Management at Aussig. The Aussig Management and both plants are nothing but *agencies* of the same enterprise as a whole, which are the property and under ownership of our firm. In this instance, it is impossible and illogical to construe a contractual relationship. As a result of discussions between or among various agencies, *internal* arrangements may well be made but the latter do not qualify as contracts.

In this connection we wish to refer, in detail, to the following:

Ad. (1) We are in agreement with this point since the sale of three products is regulated by "Fosfa" and since Aussig and Falkenau are bound by contracts via the Prague Management. If in the future said contracts were cancelled or modified wholly or in part, it would be necessary for us to request that these three products be included in these regulations. Insofar as lignite is concerned we are waiting for additional developments in the organizing of sales. With respect to caustic soda, we wish to refer to the existing agreement with the Nestomitz Solvay Works.

Ad. (2) If the interests of our enterprise required that we act as consultants to our customers, and if we ourselves were not in a position to furnish pertinent advice, we would communicate with you with a view to delegating a pertinent expert.

Ad. (3) Of course sales in the CSR¹ have to be made at the best possible prices, and consequently it is clear also that today's minimum prices will have to be retained. The principle of maintaining today's prices as minimum prices may without further ado be retained as general guiding principle, insofar as this is possible with respect to competition. Other "individually different guiding principles" do not enter into consideration. We are also in agreement with the principle of not effecting, at first any sales after December 31, 1938, as long as the tariff situation subsequent to January 1, 1939, has not been cleared. To make acceptance of orders subject to your prior confirmation, is impractical; this would frequently prevent deals from being closed. Prior to closing deals involving major shipments, Prague will communicate with you by telephone to inform you whether and when the goods can be delivered. This will be done in a manner similar to the procedure which has hitherto been followed. We presume that Prague is being kept abreast of the availability of important goods in stock.

Ad. (4) We are in agreement with the tenor of this item.

Ad. (5) We are in principle in agreement with this point. It will be necessary, however, to ascertain the possibility of separating the freight rates Aussig [to] frontier [and] Aussig [to the] place of destination. In order to ascertain the net proceeds, the following items still remain to be deducted: Sales rebates, merchandise and turn-over bonuses, agent's commissions, costs of storage and transportation, because these items are automatically reflected in the retail prices.

With respect to organic products, supplementary regulations will be required for the purpose of settling additional specific matters.

¹ Czechoslovak Republic.

Ad. (6) This item is not acceptable in its present wording. It goes without saying that all the papers shall be drawn up with so much precision that examining authorities can take no exception thereto.

Ad. (7^a) Organic products. As you know experience has hitherto shown that special expenditures have to be reckoned with in addition to the expenses referred to under (5) so that we cannot under any circumstances afford the allowance requested by you. In the case of organic products—printing ink belongs to this category—we must ask for at least 20%, and in the case of inorganic products at least 12%.

Ad. (8) We are in agreement with this point.

Ad. (9) Since it cannot be expected that we receive money from our customers within 30 days, there would be too great a discrepancy between the time of payment through clearing and the time of the receipt of money. We therefore deem 60 days proper.

Ad. (10) In principle, we are in agreement with this point. With respect to ownership rights, however, we agree only to the extent that stored goods shall be recorded as stock of Aussig and Falkenau as long as they are not sold.

Insofar as goods for [your] own use or further processing are concerned, we shall deliver same at production cost plus 15% for overhead expenses.

In view of the above observations, we imagine that the entire regulation should be worded as follows:

“Considering existing political circumstances and ensuing provisions in the field of exchange legislation, the following is [hereby] ordered for further business transactions:

“(1) This order concerns all products of the Aussig and Falkenau Works insofar as they are sold in the CSR,¹ save for the time being sulphuric acid, superphosphate, calcium cyanamide and lignite, as well as caustic soda, and all products of Hruschau, Sillein, and Handlova, insofar as they are sold in Sudeten Germany, the Old Reich or in Austria [Ostmark].

“(2) Sales from Aussig and Falkenau shall be made exclusively by the Business Management at Prague. Sales from Hruschau, Sillein, and Handlova shall be effected by the Aussig Sales Agency [Aussiger Verkaufsstelle]. If necessary, these two business agencies shall, upon request place at each other's disposal technical advisers for the convenience of the customers.

“(3) Sales shall be effected at best possible prices. In this connection, prices last charged to the respective customers for the individual products shall, in principle, be applicable, provided that this policy is not thwarted by conceivable action of competitors.

“Sales commitments beyond December 31, 1938, shall in principle be avoided. In exceptional cases a prior agreement shall be reached between the two sales agencies.

“Where larger shipments are involved, a mutual attempt should be made at reaching in each instance an agreement—whenever possible by telephone—concerning the possibilities of, and terms for delivery. In case of a shortage of merchandise—for example as a result of operational disturbances—the two sales agencies shall promptly communicate with each other to report thereon.

“(4) Both sales agencies shall see to it that, at any rate, the products made available for sale in their areas, are sold in such areas, and that they are, under no circumstances, reexported therefrom.

“(5) At the end of each week the Sales Management [at] Prague shall send to the Sales Agency [at] Aussig, and the Sales Agency [at] Aussig shall send to the Business Management [at] Prague, a list of all shipments together with copies of the respective invoices, from which it shall be possible to see the following: Type and quantity of merchandise shipped, name of customer, and place of destination, sales price and gross proceeds yielded, [at amounts of] turn-over tax and freight from frontier to place of destination, contained in the gross proceeds, rebates granted to customers, turn-over bonuses, storage expenses, commissions and discounts to be paid to agents, net proceeds ex frontier excluding turn-over tax. The amount resulting therefrom less allowance rates referred to under item (7) shall be put to account and transferred to Prague or Aussig.

“(6) All reports and accounting records shall be drawn up and kept very carefully so that examining authorities can, in no event, take exception thereto.

“(7) The allowance rates, referred to under item (5) are as follows: 20% for organic products—dyestuffs and auxiliary products for dyeing purposes—as well as printer's ink; 12% for inorganic products, in both cases, these allowances shall [be construed to] cover all expenses, not mentioned sub. (5)

¹ Czechoslovak Republic.

"(8) Transfers of the amounts resulting pursuant to item (5) shall be effected through inter-State clearing within 60 days from the date of the weekly invoice.

"(9) The afore mentioned provisions shall apply also to shipments which do not go directly to customers but [are routed] through a warehouse. Such stored merchandise shall, pending its sale, be recorded separately for account of the respective sales agency—Aussig or Prague.

"(10) With respect to sales regulations governing shipments after December 31, 1938, a new order will be issued at an opportune moment."

Very truly yours,

VEREIN FÜR CHEMISCHE UND METALLURGISCHE PRODUKTION.
BASCH MARTINEK.

Dr. M/V.

EXHIBIT No. 26

STATEMENT BY DR. VON SCHNITZLER RE BORUTA

The dyestuff industry in Poland has a long history. Even at the time, when Poland was a part of the Zsarist Russia and the big German firms had their great subsidiary works in Moscow (Bayer, Badische, Höchst) or Riga (Cassella) two smaller national factories always existed in the neighborhood of Lodz, where for a century a great textile industry (cotton and half-wool) was established.

The bigger one of the two factories was the Chemische Fabrik Zgierz (the name of Boruta, means Dyestuff, was added later on, I should say in 1919) and the Wola Krystaporska, which did belong to a family called Szpielvogel. In the following always the names are used which became the trade-names after 1919 "Boruta" and "Wola." The two firms had an economical basis insofar as they always had the profit of a relatively high duty on imported products and were able to cover their needs in coals and heavy chemicals a. s. o. in their own country.

In addition to this they could buy in the open market most of the intermediates they did not produce themselves and they needed for the range of the more or less simpler colours which they produced.

Apart of Boruta and Wola—also in the neighborhood of Lodz the Ciba owned a third dyestuff factory in the town of Pabianice, which practically worked on a very similar basis as Boruta.

But there always existed the difference between the two firms, that Boruta continuously worked at a loss and that Pabianice was considered by the Swiss as a company with satisfactory earning capacity. Technical inefficiency at Boruta and waste of money on costly investments may have been the main reason for it, furthermore in comparison with the volume of its affairs the number of the personnel was extremely high and so was the payment of directors and other chemical people.

Commercial relations between the German firms and Boruta always existed, in 1910 already Boruta was partner in a direct and a sulphur black convention and after the world war and after both countries, Germany and Poland, had overcome inflation a more or less friendly competition existed. Fighting alternated with short time agreements. Two facts at least can be described as the source of the long-termed Cartel agreement of 1934 which was destined to the last till 1942.

About 1930 Zgierz began to be interested in export to Russia and to the Balkan countries, the quantities were small, but in the dyestuff trade with even small quantities a market can be seriously affected.

In the meantime I. G. had in 1928 concluded the first great cartel agreement with the French dyestuff industry and as the French had built up quite a substantial import business in Poland which in the long run seemed to be endangered by Boruta, we fostered the French endeavours to build up a fourth dyestuff factory in Poland, the so-called Winnica near Warsaw, in which I. G. secretly took 50% which were later on turned over to I. G. Chemie Basle, and the I. G. representatives in Lódz to a certain extent became sellers of Winnica's products.

Winnica itself was bought back from Kuhlmann at their book value in connection with the Francolor agreement 1941/42 and then liquidated and dismantled after I. G. had indemnified I. G. Chemie.

The reason for the liquidation was obvious, the remaining market of the General-Gouvernement having become so small that the Co. could not continue.

Under the pressure of the beginning and even more the future competition of Winnica on the one hand and the Cartel on the other hand, having the desire to regulate an eventual export trade Zgierz could have developed the parties at last joined to the cartel agreement, signed in Warsaw in 1934. This cartel agreement

contained substantial advantages for the Polish group. Not only the Polish group secured for itself a share which was higher than its status quo, but a constant improvement during the 8 years' period was granted to them. The Franco-German-Swiss Cartel had to make substantial transfers of business and to guarantee the supply of an important range of intermediates at economic prices. It has to be admitted that the execution in practice of this cartel agreement became more difficult than any other one of the numerous agreements in the dyestuff domain.

This was due to a large extent to the market conditions in the district of Lodz where protective measures practically could not be carried through, but altogether the fact remained that Boruta under the cartel agreement not only could not fulfill its quota, receiving therefor substantial money in cash, but continued to work at a loss. On the other hand the Polish group never made the slightest endeavour to raise prices which policy the 3-party cartel: France, Germany, Switzerland, would have been prepared to follow, whenever the Polish group would have made a corresponding application. The management of Boruta was entirely in the hand of government representatives—Pilsudski men—General Matischewski being the president and Dr. Piasecki the technical director. They apparently had to follow the official line of the policy of the Polish government which held the strict line of not allowing any raising of the general price level.

It is difficult to say if Szpielvogel did work economically or not, his small establishment was connected with a distillery and little agricultural industries. By mixing it all up he might have "muddled through."

When the German troops entered Poland in autumn 1939 I. G. proposed to the Reichswirtschaftsministerium that two of their directors should be appointed jointly as commissioners for the Polish dyestuff industry, Dr. Schöner for the technical and Schwab for the commercial belongings. This proposal was accepted and the two men took over the management of Boruta whose directors had fled to Hungary or Turkey as well as of Wola and the French share of Winnica—in their capacity as commissioners of Reichswirtschaftsministerium.

The Winnica question was being solved as ter Meer pointed out before, and in exactly the same way the liquidation of the French stocks in dyestuffs have been taken in hand. The result was turned over to the French group.

The 2 Polish firms were administrated as an unity and as the Wola manufactured only Azo colours and as these Azo colours were mostly identical with Azo Colours Boruta could produce, Wola practically was taken entirely over by Boruta. A special installation Wola had for the so-called "Naphtole" was destined to be transferred to one of the German factories but I am not sure if this ever had been executed. That during wartime Wola should come again into action was out of question as the whole plant from a general economic point of view could not represent any commercial or technical interest.

As is known the industrial property in the so-called annexed Poland-Warthegau and Silesia and not to be "confiscated" (?) with the General Government where the Polish property, as far as I am informed, was respected—was handed over to the Treuhandstelle-Ost which disposed of the different works following certain rules which to a very large extent were made up by the Office for "Festigung des Deutschen Volkstums," an office under Himmler's immediate administration. No transfer was effected unless this office had given its agreement.

It was only too natural that I. G. had a strong interest to acquire the works of Boruta. On one hand they wanted to make use of the installations of Boruta which also not being very important in volume still represented an interesting addition mostly in the domain of intermediates which Boruta in the last years had considerably developed, and as the main plant of I. G. for these products Leverkusen was considered as highly endangered by air attacks.—Secondly so long as the question of property was not solved, practically nothing could be done in the technical improvement of Boruta because I. G. could not foster an eventual new competitor inside their own territory in the dyestuff field which was I. G.'s oldest and strongest domain.

Thirdly: It had been fixed as a general rule that the industry in the newly conquered districts should become the domain of the smaller industrial firms and not come under the control of the big concerns, thus it was to be feared that somebody strange to the dyestuff trade might become the buyer who in future should develop as a very cumbersome competitor. Fourthly: I never—this was my personal opinion—believed that Lodz and its suburbs would remain German, the population indeed is entirely Polish. I think with all tricks one had succeeded to make out of 600,000 inhabitants 60,000 so-called Germans partly only because they had a German name and/or their grandfather had come over from Germany but their knowledge of the German language was so poor that, as I

was told, it was difficult to make oneself understood even about the simplest matters.

Thus, one day Lodz had to become Polish again and having always been a strong adherent of a policy of reasonable distribution of industrial activity between the different European countries I never varied in that opinion, that Boruta was destined to become Polish property again. But in the interest of I. G.'s international standing which I always had at heart, it seemed to me a much fairer solution that I. G. themselves should be able to hand over the factory in a good shape to its legitimate successor, than to let it fall into the hands of speculators.

The money invested in it if such a fair solution would be found, should always be recuperated. Consequently we approached the Treuhandstelle Ost and after long negotiations and only with the help of Dr. Herle (?) himself, the head of the industrial department of Treuhandstelle, who was an old friend of mine from the times when he was under Duisberg manager of the Reichsverband der deutschen Industrie 1925-1931/32, we came to terms with a sum of something like 5,000,000 M. as lump sum for the works including goodwill and volume of business and with the obligation to spend another 5,000,000 marks in the following five years on enlargements and improvements.

The price of 5 million was not an excessive one. Notwithstanding that Boruta had not made any money with its plant and equipment were valuable, (sic!) the goods were taken over at reasonable prices—the bad debtors remaining with the Treuhandstelle.—The Treuhandstelle rightly pointed out that the business volume of Boruta/Wola to be added to I. G.'s volume represented for I. G. a substantial profit in itself. So the lump sum was justified even when the evaluations of the assets made by the experts from both sides not quite reached the amount of 5 million marks.

As aforesaid I. G. could only get this contract in taking over the obligation of rearranging and rebuilding many departments and erecting some new ones, but these were necessary investments which would normally have been to be made and which could be written off at the normal rate of 5% on buildings and 10% on equipments. Thus this obligation practically did not mean only genuine sacrifice, a fact which to a man of so much routine as Dr. Herle was clear from the very first beginning, but it was an impressurating (?) figure for "Amt für Befestigung des deutschen Volkstums" and such appropriate to oust other competitor who eventually would not dare to take over such a charge. The Treuhandstelle as well as Dr. Küpper and Schwab tried to keep in touch with the Amt, but a favorable decision was not to be got. I should say, some months were "drawled" in such a way, till at last I addressed myself to Dr. Eichenauer. In the meantime two serious competitors had been active with the aim that not I. G. but they themselves with the financial aid of S. S. should be allowed to acquire the works, the two brothers Gutbrodt on one hand and as far as I was rightly informed, the son-in-law of a man called Bruno Schülde, the latter being representative of a small Swiss dyestuff producer Rohner, with whom I. G. for years entertained friendly relations and who for himself owned quite a small factory for producing dyestuffs from intermediates bought in the market.

The brothers Gutbrodt were particularly well backed by mighty party interests as they had been with the party even in the early 20 years and having made bankruptcy with a factory of paint and varnish about 1925. Eichenauer, a director of the Stickstoff-Syndikat who had been very useful for I. G. in another domain: in the question of prices and excess profits, which he had made his speciality, was an intimate to Mr. Greifelt, the head of the Amt, and he arranged a London (sic) party in the Hotel Continental, Berlin, where he gave me the opportunity to develop the thesis that a dyestuff factory could carefully only be run by I. G. for that very reason that I. G. alone disposed of the technical and commercial experts being able to do the necessary work that every other solution independently of the money question must lead to an economic failure, which in the first instance would mean the detriment of the textile industry in Lodz. I had never seen Mr. Greifelt before and neither did I ever see him afterwards again, thus I was myself a little surprised of the success of this unique conversation.

Shortly afterwards the Treuhandstelle informed us that the permission had been granted; an old Berlin lawyer whose name I can't recollect at present, was charged to act as trustee and the definite agreement was concluded in which Dr. Küpper acted as legal advisor.

Boruta under the management of Dr. Metzdorf continued as I. G. property its activity and proved to be useful notwithstanding that the general development and the military set-backs in the East prevented the realization of the contractual obligations.

New investments could only be made to a very small extent as no material was being granted. In the supply of two important products Boruta gave I. G. a considerable help: Acid H an intermediate for azo-colours and Hydrosulphite conc. as a reducer for vat colours.

(Signed) G. VON SCHNITZLER.

JULY 4TH, 1945.

EXHIBIT No. 27

TELEGRAM TO DR. KRÜGER FROM DR. VON SCHNITZLER

[Translation]

SEPTEMBER 7, 1939.

Telegram to Berlin NW 7,
Director DR. KRÜGER,

From Management Division Dyes.

Request that Reich Economic Ministry be informed already at this time of the following connections: During next few days in all probability four Polish dyestuff plants will fall into German hands to wit the strictly Polish factories Przemysl Chemiczny Boruta at Zgierz and the Chemiczna Fabryka Wola Krzystoporska at Wola Krzystoporska furthermore Pabjanickie Towarzystwo Akcyjne Przemyslu Chemicznego at Pabjanice which belongs to the Swiss I. G.—[and of which] The men Swiss Vice Consul is the head—all three located in the immediate vicinity of Lodz as well as the Zaklady Chemiczne w Winnicy Sp. Akc. at Winnica which is located approximately twelve kilometers northeast of Warsaw. The Centrale des Matieres Colorantes Paris and I. G. Chemie Basle have a fifty per cent interest each in the last-mentioned firm which nevertheless maintains very close business ties also with us since we have continually checked their production program jointly with CMC and in addition to the French sales organizations sold more than one-half of the Winnica goods through our agents in Poland. All four factories combined have supplied more than one-half and the strictly Polish factories approximately 30 percent of the Polish dye requirements. Pabjanice and Winnica are members of the Dyes Cartel, the two strictly Polish factories Zgierz and Wola have been under a long-term contract with the "Dreierfartenkartell"¹ to regulate their sales and in this connection they were assigned an increasing quota which for the year 1939 amounted to thirty-one point five percent of the Polish market. Furthermore under this agreement Zgierz and Wola have been authorized to export only very little. The plants (Boruta, Wola, Winnica, Pabjanice) have considerable and valuable stocks of raw materials, intermediates, and finished products nearly all destined for the manufacture of dyestuffs and affiliated auxiliary products. Leaving open for the instant the questions of carrying on the plants, in our opinion and on condition the said stocks should be utilized by experts in the interest of the German economy. I. G. only is in a position to provide such experts. We would be prepared to delegate for this business Mr. Schwab, the leading director of our East European dyestuff sales department. Assistants, also for the technical part, of course, are available if required. We intend to present ourselves in the middle of next week to the competent authorities in Berlin for further deliberation and beg to arrange a meeting for that purpose. Our representatives, in the first line MM. A. Oppertshausen, 55 Sienkiewicza and A. Seidel, 150, Kilinskiego at Lodz and Mr. Bruno Fulde, 15a Czackiego at Warsaw in the meantime, of course, are at the disposal of the military and governmental authorities for information and advice.

(Signed) VON SCHNITZLER.

Please return to Management Division Dyes.

EXHIBIT No. 28

MEMORANDUM REGARDING POLISH DYESTUFF PLANTS, SEPT. 10, 1939

SEPTEMBER 10, 1939.

File Memorandum for Dr. Kugler,
Re: Polish dyestuff plants.

On occasion of a visit paid on the 9th inst. to Regierungsrat Dr. Hoffmann of the RWM, MM. Haefliger and Prentzel had an opportunity to submit to him in the sense of the telegram addressed to Dr. Kruger by Dr. v. Schnitzler the question re delegation of commercial and technical experts for carrying on the Polish dyestuff plants which will come to fall in German hands. Regierungsrat Hoffmann declared, that in the case of these dyestuff plants the RWM on principle and for the moment did not see a necessity for the nomination of commercial

¹ Probably: Tripartite Dyes Cartel.

controllers or for the intervention of other experts. There was no risk that valuable stocks or products were brought away to foreign countries nor was there an immediate necessity to remedy the production. In principle, in case of utilization even of enemy property, great caution should be used, the more so if neutral property, as represented by Pabjanice and Winnica, was concerned. In course of conversation Regierungsrat Hoffmann indicated that the RWM at the request of important neutral shareholders would have no objections to the nomination of trustees or other controllers in order to assure a reasonable activity of the plants both in the commercial and technical lines. What steps were to be taken later on regarding the exclusively Polish dyestuff plants had to depend on the evolution. Mr. Hoffmann was informed of Dr. v. Schnitzler's intention to discuss matters personally with Messrs. Mulert and Hoffmann in the middle of next week. Names and addresses of our representatives at Lodz and Warsaw were given to Mr. Hoffmann.

Mr. Haefliger had an opportunity to inform Dr. v. Schnitzler by telephone still on the 9th inst. of the result of the conversation. Muller (Wipo) will arrange the meeting Dr. v. Schnitzler RWM for next week.

(Signed) PRENTZEL MULLER.

EXHIBIT No. 29

MEMORANDUM REGARDING POLISH DYESTUFF PLANTS, SEPT. 14, 1939

[Translation]

I. G. FARBENINDUSTRIE AKTIENGESELLSCHAFT

MANAGEMENT,

Berlin, September 14, 1939.

Ke/P

Ø*To the CENTRAL COMMITTEE ON DYESTUFF AGREEMENTS,
Frankfort/Main.

Re: Polish Dyestuff Plants.
Reich Ministry for Economic Affairs,
Berlin W. 8:

(Attention: Dr. Mulert, Ministerial Director.)

We beg to refer to the interview which you were good enough to grant Government Counsellor Hoffman and ourselves today. We hereby take the liberty of formulating the following request:

It is respectfully asked that the Minister of Economic Affairs instruct I. G. Farbenindustrie Aktiengesellschaft, Frankfort/M., to administer as trustee for the Reich, the following plants which are located in territory of the Republic of Poland:

Dyestuff Production for 1938

Przemysl Chemiczny "Boruta," S. A., Zgierz near Lodz.....	580,000 kg.
Chem. Fabrik Wola-Krzysztoporska, Wola-Krzysztoporska near Tomaszow.....	290,000 kg.
Zaklady Chemiczne w Winnicy, Winnica near Warsaw.....	392,000 kg.

and further to operate or discontinue operation in concurrence with the competent authorities, and to utilize the stocks of preliminary, intermediate, and finished products of the same.

Justifying argument.—There are four major and a few additional minor dyestuff plants of only local importance in Polish territory. The four major ones are composed of the three firms mentioned above and Pabjanicer A. G. f. Chem. Industrie. The latter belongs to the "Interessengemeinschaft der Baseler Farbenfabriken" [Basle Dyestuff Trust] and produced 612,000 kg. dyestuffs in 1938. We estimate the amount and value of the production of all dyestuff factories on Polish soil, on the strength of accurate figures which, over a period of years, we have compiled and largely ascertained through cartel exchanges, as follows:

	Kg.	Zl.	R.M.
1937.....	1,754,000	19,400,000	9,127,694
1938.....	1,950,000	21,800,000	10,256,893

*Translator's note: It is believed that "Ø"—which is frequently used by I. G.—stands for: copy.

Ninety-five percent of which correspond to the four above-mentioned plants, and approximately five percent to the following minor plants:

"Barwazot," Lodz
 Bruno Schülde, Lodz
 "Sigma," Kattowitz
 Czenstochauer Farbenfabrik
 "Zawodzie," Czenstochau.

Both the factories "Boruta" at Zgierz near Lodz and Chemische Fabrik Wola-Krzysztoporska near Tomaszow, are national Polish property; "Boruta" belongs 90% to the Polish State, the Chemische Fabrik Wola-Krzysztoporska is a non-Aryan family enterprise.

The Chemical plant Winnica was founded in 1929 by the French dyestuff industry in concurrence with us, in order, on the one hand, to set up an enterprise to compete with the Polish national plants, and, on the other hand, to maintain or recover by means of production in Poland, the business which has been lost as a result of tariff and import obstructions. On the outside, this plant appears to be a French enterprise. Insofar as internal arrangements are concerned, I. G. Chemie, Basle, with which we are on friendly terms, holds 50% of the shares, i. e., approximately 1 million zloty. Approximately 24,000 zloty of the total capital of 2 million zloty are in the hands of unknown parties. On the strength of the option agreement existing between I. G. Chemie at Basle and I. G. Farbenindustrie, I. G. would, at any time, be in a position, in concurrence with the Reich Government, to acquire the interests of I. G. Chemie in Winnica at the book cost of I. G. Chemie. We therefore feel, without going into further details, that we are authorized, in the interest of I. G. Chemie, to take such measures as may be suitable for the maintenance of its assets.

In administering the three above-mentioned firms, as trustees, we should like to proceed as follows:

The chemical plant of Wola-Krzysztoporska the production of which is based exclusively upon semi-finished products manufactured by "Boruta" ought to be closed, as this plant has no importance to speak of as an independent enterprise. Operations of the "Boruta," on the other hand, should be continued on the largest possible scale. The existence of "Boruta" is of much greater importance as is demonstrated by the above mentioned list of dyestuff products. "Boruta" furnished the major share of all semifinished products used by the plants enumerated in this list. The large quantities of basic products used by this company, such as oleum, nitric acid, natrium, benzine, etc., come from the coal-mining district of Upper Silesia, from the Solvay plants at Hohensalza and from various other places. In other materials "Boruta" is self-sufficient to a large extent. Its importance to the German war economy must be considered particularly great as 85% of the production of aniline dyes and of the corresponding semi-finished products takes place in I. G. plants in Western Germany. A considerable part of this production again is in Ludwigshafen where the manufacture of dyestuffs is to be reduced to a minimum. Each plant producing organic semifinished products and dyestuffs which is not situated in Western Germany is therefore doubly valuable under present conditions. According to the latest news received, it may be hoped that "Boruta" has not suffered any considerable damage from military operations and that disturbances as to its output may be avoided entirely if operations are resumed without delay.

Winnica is located approximately 18 km. northeast of Warsaw and may have suffered considerably as a result of the latest [military] operations. The continuation of the operation of these plants would be of great importance, since, in addition to the manufacture of a number of azobenzene dyestuffs, there is a modern anthraquinone plant and equipment for the manufacture of cupreous dyes which is certainly of great interest for immediate military purposes, since Winnica has thus far had a monopoly on Polish military khaki. There is furthermore, in the same locality, a smaller plant for intermediate products of the azobenzene chain [series] which could start operating at any time. While in the case of "Boruta" the national Polish personnel which has hitherto worked there, can hardly be used to continue operating the plant during the war, it will probably be possible, in the case of Winnica, to retain some men or other experienced in the business.

Insofar as the last of the four major plants, i. e., the Pabjanicer A. G. f. Chem. Industrie is concerned, an exchange of telegrams took place between the undersigned (whose signature appears on the left-hand side) and the President of this company, Mr. Schmidt-Respinger, Basle, whose telegram in reply was literally worded as follows:

Thanks for information in matter Polish dyestuff plants. Concerning Pabjanice, I request that you note and also bring to the attention of your Government, that Pabjanice is to be regarded as Swiss enterprise merely on

the strength of its share ownership. I therefore expect that forced measures of any kind against our enterprise be dispensed with. I have contacted our Federal Government.

Consequently we should like to give expression to our opinion that no measures should be taken, for the time being, against the Pabjanicer corporation. At first glance, we have no objection to having "Boruta" which is being administered by trustees, supply the Pabjanicer corporation also in the future, according to its supplying capacity for purposes of possible requirements of the domestic Polish market with intermediate and finished products, but, of course, not for purposes of export.

It would naturally be necessary to close the remaining small plants which appear at the outset of the list appearing herein.

Utilization of the stocks of finished products as well as distribution of new products should be so handled as to benefit, primarily, the entire German economy. Whether and in how far certain portions thereof should be utilized in order further to supply the Polish market, ought to be decided by the [German] authorities. They should principally serve to unburden the German dyestuff market and/or to increase German exports of dyestuffs.

We respectfully request a decision at the earliest possible moment and delivery of the necessary powers of attorney for Messrs. Schwab and Schöner, as every day lost may have disastrous consequences, since by sabotage or inadvisable and fraudulent sale irreparable harm may be done to the German economy.

Besides those for Messrs. Schwab and Schöner we are applying at the same time for passes for their assistants, Messrs. Paul Kaempfe, Frankfort on the Main, and Dr. Walter Hagge, Wolfen. Other employees, which the gentlemen may need in Poland, are at their disposal at our plants and sales offices.

Heil Hitler!

I. G. FARBENINDUSTRIE AKTIENGESSELLSCHAFT,
(S) V. SCHNITZLER,
(S) KRÜGER.

EXHIBIT No. 36

STATEMENT BY DR. VON SCHNITZLER RE THE ATTITUDE OF THE FRENCH
DYESTUFF-GROUP AFTER THE DEFEAT OF FRANCE

[Typed: Radtke]

The "Blitzkrieg" (lightning war) of 1940 had left the French dyestuff factories in Paris-St. Denis, Villers, and Oissel (near Rouen) unharmed. But owing to the lack of coal, electric power a. s. o. they very soon came to a total standstill. M. Joseph Frossard, the man, who is still the spirit of the French dyestuff industry as well as he is its creator but whose nerves after a long life—he is 66 of age and has lived through many set-backs—have suffered, has not had and perhaps could not have had the moral strength to let things go as they were and to simply wait. As the 3 factories apart from Phenol and Centralite for powder had no "kriegswichtige Produkte" on their list, and as Phenol and Centralite at the time were not scarce, the Wehrmacht was not interested in the factories, and there was no chance to be seen that under the armistice they could come to a new activity. Frossard consequently started nearly at once—I think it was in August—with his endeavours to come on speaking terms with us; he not only addressed Dr. Kramer in Paris, but he let me know through Mr. Koechlin of I. R. Geigy in Basle that he was desirous of a conversation with us. We saw Mr. Koechlin in October 1940 in Zürich. Notwithstanding the applications made by I. G. to the German Government I was not in hurry to react on these suggestions. As we were not prepared to renew our relations with the French group on the basis of the old cartel agreement, but aspired to a much deeper-rooted agreement, I thought it advisable to let them simmer in their own juice and to wait, till they asked for such private negotiations through the official channel of the armistice commission.

This happened very soon, and on the demand of the French Government we first met in the second half of November in Wiesbaden. But Frossard was not among the French representatives. Duchemin and Thesmar, both now members of Conseil d'administration of Francolor, represented the French industry and Duchemin based his arguments for the reprisal of the old cartel agreement on the "official policy of collaboration" laid down by Hitler and Pétain at Monthoire.

FRANKFURT, Aug. 30th, 1945.

(Signed) G. VON SCHNITZLER.

[Translation: Langenbach/T. Schuppener]

Basel 27, Gellert

At present Bern, Oct. 24th, 1940.

Mr. Dr. Gg. v. SCHNITZLER,
c/o I. G. Farbenindustrie Akt. Ges., Frankfurt,/Main.

DEAR DOCTOR: I have told you at Zürich that Dr. Frossard had announced us his visit. We now met him yesterday. Together with Dr. Roesler he came to Ouchy. Apart from myself, Dr. Wilhelm, and Dr. Stooss took part at the discussion.

Dr. Frossard was exceedingly depressed; at the arrival as well as when taking leave this was most emphatically put into words.

The discussions were carried without any ceremony in a very friendly and calm manner. Mr. Frossard and Mr. Rösler have without any sharpness expressed their grievance on the fate of their country and on the conditions prevailing there.

As regards business it was in view, of the circumstances we have to take up with, not possible to have more than a general exchange of opinions. Mr. Frossard said that we would like to again take up the connexion with us before long.

He has then asked several times for your general opinion and when I told him that you had told me of your intention to get in touch with him he looked quite relieved. On my question whether I should write two words—he too being anxious to take up again communication with you—he accepted this proposal and asked me to do so. This is the purpose of my letter and I suppose that now you will take the further steps yourself.

If, however, for one reason or the other you should want me to write a few words to Mr. Frossard I shall, of course, with the greatest pleasure be at your disposal.

(Sgd) C. KOEHLIN.

EXHIBIT No. 37

REPORT OF DR. KRAMER OF OCTOBER 12TH, 1940, ON A CONFERENCE WITH
MR. FROSSARD AT THE HOTEL CLARIDGE ON OCT. 10, 1940

A verbal translation reads as follows:

"Conference with Mr. Frossard: Mr. Frossard seems to be very depressed. He asked me to arrange a conference between I. G. and Kuhlmann. The situation of the French chemical industry makes a collaboration at an early date necessary. The chemical industry in France must live, which is in the interest of the European economy. German chemical industry cannot want that on the French side this branch of the industry should disappear completely.

"You must help us and I would like to go to Frankfurt to get into touch with the gentlemen, if the I. G. receives me.

"After this introduction, during which Mr. Frossard had tears in his eyes, he started to talk about himself. He is at present 62 years old, and if the I. G. does not want to negotiate with him he would be prepared to resign immediately. The same refers to Mr. Duchemin. If other leading men of the Kuhlmann concern should not be agreeable to the I. G. for negotiations he would be prepared to see to it that the eventually named persons would be dismissed by Kuhlmann. If he would give up his position, his brother Louis could come into question as manager. *One sees absolutely clear at Kuhlmann's that Germany will win the war and that the organisation of the European economy will be made under the leadership of Germany. Frossard offers to put his whole industry into the services of Germany to strengthen the chemical potential for the continuance of the war against England* (editor's italics). Kuhlmann would be prepared to produce all preliminary and auxiliary products for the I. G. which would be desired from the German side. He wants a confidential collaboration and regrets that actions were taken before the cartel agreement was signed, which did harm to the German chemical industry, but all these measures were taken at the time on the pressure of the French Government.

"For the collaboration Mr. Frossard had the following ideas:

"Closer connection by 'marriage' on the dyestuff and chemical field.

"Enclosure (of the French industry) in the European economy under German leadership.

"Production of preliminary and intermediate products for the German industry as far as necessary, limitation to certain dyestuff groups.

"Regarding the export business Mr. Frossard mentioned the quotas of the German-French cartel, whereby eventually the products produced by Kuhlmann could

be sold with the German label and by the agencies of the I. G. (objection from my side: The question of export will be certainly a very delicate one).

"The plants at Oissel and Villers-St. Paul are in very good condition and Kuhlmann would be in the position to support strongly the German chemical industry.

"Concerning the attitude of C. M. C. against the Sopi during the war Mr. Frossard mentioned that all the actions against Sopi were made without his knowledge and he regrets that these events have occurred. On my remark that his organisation is such that without his consent actually nothing of this kind could be made, he replied that he only got notice of it after the measures were taken. To excuse the gentlemen concerned he explains that Kap-Herr, Rhein and Vaucher wanted to receive in one way or the other the amounts which the I. G. owed to Kuhlmann when the war broke out.

"The conference lasted for 1½ hours and Mr. Frossard asked me again with emphasis to inform him after my return to Paris which attitude the I. G. intends to take and if he could come for the negotiations."

EXHIBIT No. 37-A

STATEMENT BY DR. VON SCHNITZLER REGARDING GERMAN-FRENCH RELATIONS

Under the armistice and based upon the "slogan" of collaboration an intercourse between the German and French industries had developed, which practically included the whole French industry.

In the chemical domain it was only Péchiney, the factories and water-power stations of which were in the unoccupied part of France, which showed a more refractory attitude.

All the other companies did cooperate in full, but even of Péchiney I was informed, that at one of the last monthly dinners, which took place between representatives of the German authorities and industrialists on one and the corresponding French ones on the other side, a representative of Péchiney was present. As another example I may cite the name of M. Marcel Boussac, the greatest industrialist in the textile field. His works were occupied to a large extent for direct or indirect orders of the Wehrmacht, and he himself was frequently with German representatives at luncheon and dinner parties. The same applies, as far as I can judge it, to the iron and steel industry, and the work done by Schneider-Creusot for the Wehrmacht is publicly known. As another example of this collaboration the following might be of interest:

In the summer of 1942 the International Chamber of Commerce showed a new activity. Under the presidency of Mr. Bagge, a high-ranking Swedish judge the "Court arbitral" at the Chamber in Paris was newly put in function. As Vice presidents were designated M. Albert Buisson, Paris, formerly under-secretary of state and now "Président de Conseil" of Rhône-Poulenc and myself, M. Buisson as well as I, we both accepted the invitation of M. Edström, the Swedish president of the Chamber and acted jointly twice or three times for the settlement of certain cases, which, of course, were entirely prepared beforehand.

(Signed) G. VON SCHNITZLER.

FRANKFURT, Aug. 30th, 1945.

EXHIBIT No. 38

MEMORANDUM OF I. G. REFERRING TO THE PRINCIPLES OF A SETTLEMENT OF THE GERMAN-FRENCH RELATIONS IN THE DYESTUFF FIELD

(Read out and handed over to the French delegation on occasion of the first meeting with the armistice delegation in Wiesbaden on Nov. 21st., 1940)

The claim of leadership of the German dyestuffs industry in the European sphere results on the one hand from the historical development, on the other hand from the fact, that (until the outbreak of war in 1939 the German dyestuffs industry held about 55-60% of the world's export in dyestuffs. Furthermore I. G. was without any interruption the sole firm, which decided the international prices). All other producers, Switzerland included, arranged their prices in accordance with the prices made by I. G.; the firms being in cartel relations with I. G., followed I. G.'s price politics according to the agreements, the outsider firms tacitly, at which they surely tried to improve their share by large or small undercuttings, made without any reasons and any own ideas. That preponder-

ance of I. G. in world sales of dyestuffs corresponds to the state of its scientific and technical development. In the technics also the German preponderance is uncontested. At the reorganization of the European sphere it must mainly be aspired thereto, that out of this sphere itself there will not result any disturbances and any damages in the reconstruction, and that the disputes with the oversea dyestuffs industry in the four non-European countries, which for themselves will in future be very difficult will not be rendered still more difficult by the competition of the Europeans amongst themselves. In consequence it will be an order of common sense and a necessity of economy and political economy, that (there will be a complete accommodation of the French dyestuffs industry to the German dyestuffs industry).

The German demand for decisive influence has beyond such general aspects its foundation in the particular historical development of the French dyestuffs industry itself.

Independent "national" dyestuff producers in France before the world war were only the firms Société Anonyme des Matières Colorantes et Produits Chimiques de St. Denis (formerly Poirrier) and Etablissements Steiner, Vernon, which had about 10% of the French dyestuffs consumption.

The branch factories of the German dyestuffs producers, which under the influence of the French patent legislation and of the import customs (frs. 1 p. kg. (=0.81 Mark) were erected before the world war and covered the prepondering share in the French market, namely:

Succursale de la Badische Anilin & Soda Fabrik, Ludwigshafen).

Neuville s/Saône Société Anonyme des Produits Chimiques.

Frédr. Bayer & Co., Flers (Nord) (Leverkusen).

Compagnie Parisienne de Couleurs d'Aniline (Creil (Oise) (Höchst).

Manufacture Lyonnaise de Matières Colorantes (Usine la Mouche), Lyon, (Rhône) (Cassella).

Succursale Française de l'Aktiengesellschaft für Anilinfabrikation, St. Fons (Agfa, Berlin).

Société Anonyme des Etablissements Weiler-ter-Meer, Tourcoing (Uerdingen).

were seized during the world war and put at the disposal of the French industry, at which not only the plants, but also technical and commercial "know how" of the employees passed over to enemy property.

The property in patents and trade-marks of the German dyestuffs industry was utilized by the national French industry. The German import, after the world war, was subject to the rates of the general tariff, which was the fourfold of the minimum of custom rates, and these rates, therefore, were prohibitive for dyestuffs; furthermore the import was subject to approval. The dyestuffs, which until the development of a greater capacity of the own production were still needed, were mainly supplied from Germany, in accordance with annex VI of the Peace Treaty of Versailles, free of customs and at preference prices. On each delivery made outside of the reparations, there was raised from the French purchasers by the French fiscal cash a duty of 26% of the invoice value.

In 1938 a dyestuff import licence law was issued.

The French dyestuffs industry, being in French hands, nowadays consists of the hereinafter-named firms:

(1) Compagnie Nationale de Matières Colorantes et Manufactures de Produits Chimiques du Nord réunies Etablissements Kuhlmann, Paris.

(2) Société Anonyme de Matières Colorantes & Produits Chimiques de St. Denis, Paris.

(3) Compagnie Française de Produits Chimiques et Matières Colorantes de St. Clair du Rhône, Paris.

(4) Société des Produits Chimiques et Matières Colorantes de Mulhouse, Paris.

(5) Etablissements Steiner, Vernon.

(6) Société Anonyme pour l'Industrie Chimique, Mulhouse-Dornach.

(7) Mabboux & Camell, Lyon.

(8) Société des Matières Colorantes de Croix Wasquehal (Burel), Roubaix.

(9) Prolor, St. Dié.

The firms as to 1-6 are capitally connected between each other and united in the "Centrale des Matières Colorantes, Paris; the firms as to 7-9 are under the control of the Centrale des Matières Colorantes.

With exception of the Société Anonyme des Matières Colorantes & Produits Chimiques de St. Denis and of the Etablissements Steiner, Vernon, already existing before the world war, these firms originate from the above-named branches of the German dyestuff factories in France and from their own did not contribute

anyhow to the technical development of dyestuff-chemistry. Moreover, they partially still manage nowadays the old plants (St. Clair du Rhône/La Mouche) or erected in the direct neighbourhood of the former German factories new plants by concentrating the plants erected before the world war. This mainly applies to the greatest of the French dyestuff companies, the Compagnie Nationale du Nord réunies, Établissements Kuhlmann, merged into the Compagnie Nationale des Matières Colorantes.

Not satisfied herewith, after the signing of the armistice treaty in 1918, there was made a systematic industrial espionage by the French, made by French chemists, for months being present in the I. G. factories of the occupied Rhineland and acting as military officials. In order to stop such espionage and the further displacing of the German "know-how" to France, the German dyestuff factories at the end of 1920 made an agreement for a period of 45 years with the Comp. Nationale (so-called Gallus-Vertrag) according to which against giving technical assistance the Compagnie Nationale had to pay 16½ mill. ffrs. (corresponding to nearly 5.5 mill. GM.) in cash and had until 31.12.1965 to pay off half of the net profit. The payment in cash was partly made, but a participation in the profit was never refunded because in those two years, for which this agreement was in existence the French Company never showed any profits.

During the Ruhr fight the Compagnie Nationale was merged into the aforesaid Ets. Kuhlmann. These declared, not to be bound by the agreement and one-sidedly cancelled it in 1924. Under the then political situation a legal action could not be brought in. The breach of contract was the more shocking as during the course of two years, in which the agreement was in existence, the factories of the Compagnie Nationale were, on account of our technical assistance, which was given under the management of the then first technical director of Leverkusen, Mr. Krekeler, supplied with our most valuable processes and "know-how" as to the production of intermediates and dyestuffs.

The aforesaid facts had as a result, that the German dyestuff in France was nearly completely pushed into the background and in the German-French commercial treaty of 1927 Germany had to be content with the share in the import of 5 mill. GM., which for the rest included the dyeing auxiliaries also. What remained was a considerable charge with customs. In comparison herewith the sale of dyestuffs in France and her colonies in the same year amounted to 48.5 mill. Marks in all, which nearly with ⅓ was covered by the "national" dyestuffs industry and at nearly 25% by Swiss producing plants and Swiss importers. The share of Germany in the covering of the French dyestuff consumption hereby decreased from about 90% in 1913 to about 9% in 1927. Besides the far-going control of the French market, the French dyestuffs industry in the same years started to an increasing extent, to turn itself towards the export. By such endeavors considerable damage was done to the German foreign trade in dyestuffs, a damage, not so much consisting in the loss of customers (the German dyestuffs industry fought with full energy against the French) but moreover in the fact, that by undercutting by France the German export prices were largely involved.

After years of heaviest competition, which as to the German industry on account of the discriminating treatment of the German import could not be done in the French market, and, therefore took place in the world market, in 1927 in the course of the afore-mentioned German-French economical-treaty discussions a cartel agreement, regulating the market, was made, which was to eliminate any competition between the German and the French group. Such agreement, of course, was only made by considerably renouncing the activity in the French market by the German industry, and by acknowledging the export volume, obtained by the French during the struggle, an export volume, which in these last years amounted to nearly 10 mill. marks.

The double injury of 1918 and 1923/24, however, was never compensated.

If this memorandum of the construction of the French dyestuffs industry since the world war in the first line refers to those factories, which nowadays are united in the Ets. Kuhlmann, or, like St. Clair du Rhône, are controlled by it, it also applies to St. Denis, which only took part in the cartel agreement of 1927, and which had already been existing before the world war as a French dyestuff factory, and was not a partner in the so-called Gallus agreement, that St. Denis entirely followed the line of the remaining French dyestuff industry, and that it nowadays is insolubly connected with the remaining French firms by its assortment and by its selling organization and by personal and financial connections. Consequently, also, St. Denis was the beneficiary of the political and economical development directed against Germany. A solution of the French dyestuff problem, therefore, can only be obtained by including St. Denis and at the new organization of the

future relations, which had to include the whole French dyestuffs industry there cannot be made any difference between the factories of Kuhlmann and St. Denis. Moreover, most of them had to be merged into a uniform firm.

Already under the Gallus agreement it was provided that the French dyestuffs industry had mainly and in the first line to deal with the inland market. An export was only to take place exceptionally and by mutual consent. Indeed, the French dyestuffs industry, including St. Denis, had then no export considerable anyhow. On the contrary, such export was only developed, when the French factories disposed of the German "know-how" and took liberties, which were directly contrary to the Gallus agreement. Often the export was made for mere prestige aspects only and finally resulted in a disturbance. For in most of the markets, supplied by the French group in these last years, the French assortment was not such, that there could be a question of a continued business. Moreover, from the aspects of commercial politics it was neither desired nor necessary, that such exports were made. Again and again the French export was interrupted thereby that for reasons of commercial politics or foreign currency or other reasons the shares demanded in various countries by the French group could not be met.

Also in the new organization of the matters, the French export therefore, should only take place exceptionally and under such aspects, which are justified under certain territorial and technical conditions. As the experience of the past proved true, such an exceptional export could be done without prejudice to the German export and without disturbance of the markets only, if it was done under German management. For in spite of the existing cartel agreement the French group more or less in breach of the contract had continuously tried by undercutting the prices and other manipulations to increase its business and to penetrate the German position. Such behaviour in these last years repeatedly resulted in a severe crisis, which could only be overcome with difficulties, and which finally induced the German group again and again to examine the question of the cartel agreement should be continued.

It is in the interest of a reasonable development of the French dyestuffs industry, to limit all of their strengths in the first line to the markets of France and her colonies. These markets will be destined to be a considerable part of the whole European, African territory of consumption. They are insolubly connected with their neighboured territories of sale, and will find their best economical development only then if the leading German partner directly cooperates in their management.

EXHIBIT No. 39

INTERROGATIONS OF VON SCHNITZLER, ON ACQUISITION OF FRENCH CHEMICAL INDUSTRY

July 17, 1945.

Time: 10:30-11:00 a. m.

Q. Yesterday you told us that in August 1940 it was the plan of the Nazi government to seize the entire French industry including the dyestuff industry. Is that right?

A. Not to take over. "Beschlagnahme" means not as much as "seize" in English.

Q. To sequester the property?

A. Yes.

Q. Based on discussions between I. G. and the Nazi Government in July or August 1940 I. G. made the proposal to the Nazi government that it be permitted to purchase 50% of the French dyestuff industry from the Nazi Reich?

A. Yes; eventually. That means for us—

Q. Did you make the proposal to buy 50% of the French dyestuff industry from the Nazi Reich?

A. I think so it is in the letter to the Reich.

Q. Is that letter to the Reich signed by you?

A. Yes; it must have been signed by me.

Q. You then told us that after Hitler and Petain shook hands at Monthoire there was a change in regard to dealings with the French industry. It was to be on a collaboration basis in the purely economic sphere?

A. That is right.

Q. When did you first learn of this change of line? In regard to the treatment of French industry?

A. What I only know is this: We wanted to acquire 50% for us, of course it made no difference whether we bought them from the Reich or—

Q. When did you first hear a change of line?

A. Shortly after Monthoire.

Q. From whom?

A. From the newspapers or the discussions in Berlin.

Q. With whom?

A. Herr Mulert.

Q. Was there another meeting in Wiesbaden?

A. Wiesbaden comes later.

Q. What happened at this meeting in Wiesbaden?

A. The French group approached us.

Q. Was this a meeting with the officials of the Nazi government?

A. Yes; with Mr. Hemmen. He was charged with the negotiations as civilian head, was appointed by the Nazi government to handle armistice questions.

Q. Who attended this meeting?

A. On the part of the government, Hemmen and Schone; of I. G., ter Meer, myself, Waibel, Kugler, Eckert. In November 1940.

Q. At this meeting minister Hemmen told you that you could deal with the French industry on a purely private basis?

A. Yes; we could deal with them on a private basis.

Q. This was part of the armistice negotiations?

A. Yes.

Q. How were these negotiations conducted; what happened first?

A. The French started these negotiations. The renewal of the cartel agreement was refused by me and Hemmen. We came to the idea that we should take a participation in the French industry, limiting strictly on the dyestuff field.

Q. How much of the participation did you ask for in the French dyestuff industry?

A. At that time neither the 50 nor 51% have been cited.

Q. Did you hand the French a memorandum on that?

A. Yes.

Q. When?

A. In November.

Q. Was this memorandum handed over to the French at the first armistice meeting?

A. Yes.

Q. Did you ask for a percentage of the French dyestuff industry?

A. I asked for the "Führungsanspruch." I can't tell you whether in this first memorandum we asked for the percentage.

Q. What was the theory on which the memorandum was based?

A. I have never asked the French any other figure than 51%.

Q. You asked for 51% of the French dyestuff industry in the memorandum and never asked for less?

A. Never less than 51%. (Führungsanspruch means claim for leadership.)

Q. In your original proposal to the Nazi Reich you have asked for 50% of the French industry?

A. Yes.

Q. Why was it that you now asked for 51% in regard to your dealings with the French on a purely private basis?

A. This was due to an innerpolitical development inside I. G. I would only have asked for 50% but the technical men said we must have 51%.

Q. Whom did you recommend as president?

A. We have recommended Frossard.

Q. He was a Nazi/Vichy government collaborator?

A. Yes. He was the only man who was ready and able.

Q. And who were the other members of the French board?

A. Duchemin.

Q. Was he a collaborator?

A. Yes; to a certain extent.

Q. All the other members who became leader on the French side were collaborators.

A. Yes; more or less adhering to Pétain.

Q. Who were the representatives of I. G. in the board?

A. We were four. I, Dr. ter Meer, Dr. Ambros, Waibel.

Q. Who had recommended Frossard for the position as president?

A. I said to Mr. Duchemin, the president of Kuhlmann: "Of course, there cannot be any doubt that Frossard would be president."

Q. You recommended him?

A. Yes.

Q. And the French agreed?

A. Yes.

Q. Were there any members of the original French company who did not become members of the new Francolor?

A. We took all the personnel over with the exception of M. Rhein. He was an employee of the Badische Anilin und Sodafabrik, Ludwigshafen before the first world war. He was not apt for military service. During the first war he was in Ludwigshafen as a German subject, being Alsatian by birth. After the war he became French.

Q. Was he a member of the original company? I. G. felt that they could not control him?

A. Yes; in a certain way. We refused him from an economical point of view; did not think him reliable.

Q. How many French dyestuff companies were there before the war?

A. Practically only three.

Q. Of these 3 French dyestuff companies how many would join the new Francolor?

A. All.

Q. In the newly organized German/French company the entire French dyestuff industry was absorbed?

A. Yes; except two small factories. They did us no harm.

Q. Did you have them closed?

A. Partly having closed them and partly giving them the products of Francolor to sell.

Q. You controlled them?

A. Indirectly we controlled them.

Q. What happened to all the stocks, properties, etc.?

A. All was absorbed.

Q. What happened to the foreign properties of the company? What happened to the stocks in South America? Were they absorbed by the new Francolor?

A. In principle the Francolor took over everything concerning the dyestuff domain including the foreign holdings, but only if they could be reached.

Q. Because you could not reach the South American stocks you could not take them over?

A. Yes.

Q. As a result of the negotiations the Alsatian-Lothringian property got into the control of I. G.?

A. Yes. Later on. We had to take over the control from the authorities in Strassburg. The Reich considered this Alsatian property as seized and not to be free for negotiations of a private character. We could deal about the whole French position all over the world, except this small factory in Mülhausen.

Q. Did you propose that only the I. G. controlled Francolor be permitted to deal in dyestuffs and to control the entire dyestuff industry?

A. Yes.

A. Did you also propose that all constructions either new construction or enlargement of existing plants in regard to chemicals which could be used in the armament field be under the control of the Reich?

A. I think so. That has nothing to do with Francolor.

Q. In regard to chemicals what did you propose as to a cartel arrangement?

A. This is difficult for me to answer. You know that our firm is split up in different departments. I did not handle the chemical matters.

Q. How did you propose to control the resources of Greater German controlled Europe in regard to your dealings with countries of the world which were yet free, e. g., the U. S. A.?

A. We followed simply the governmental lines. This thought of Grossraum-Wirtschaft should work in such a way that the total of the European countries should have an entire uniform policy.

Q. What was this policy in regard to Chemicals in the armament sector? Did you, for example hope to negotiate with the United States with respect to chemicals in the Military sphere through your control of South American markets?

A. Never. Nothing so far reaching.

Q. You intended to use your cartel foreign participations and exchange of experiences in order to control relations between this European sphere and U. S. A.?

A. No. In no way to the U. S. A.

Q. In regard to what countries?

A. In regard to the countries of the Grosswirtschaftsraum Europe, except Russia.

Q. Did you sign that letter to Mr. Schlotterer?

Q. Yes; that might be.

Q. What countries did I. G. propose to control in regard to their supply of military chemicals?

A. South America, besides the European countries.

Q. Why did you want to control the supply of military chemicals for South America? Did you fear South America's might?

A. No; but the eventual production which could be the help in a new conflict.

Q. Between whom?

A. Say U. S. A. and Europe.

Q. Did you intend to control the supply of military chemicals in Latin-America because you feared a potential conflict between Germany and U. S. A.?

A. Yes.

Q. These were Post-War Plans?

A. Yes.

(S) G. v. SCHNITZLER,
Vorstandsmitglied der I. G. Farbenindustrie Aktiengesellschaft.

EXHIBIT No. 41

NOTES ON THE CONVERSATION BETWEEN THE REPRESENTATIVES OF THE GERMAN AND FRENCH DYESTUFF INDUSTRY AT WIESBADEN, NOVEMBER 22, 1940

[Translation Heese]

Present: for I. G. Farbenindustrie Aktiengesellschaft: Dr. v. Schnitzler, Dr. ter Meer, K. R. Waibel, Dr. Kugler, Dr. Terhaar, for the French dyestuff industry: Duchemin (President of Ets. Kuhlmann), G. Thesmar (President of St. Denis), Castés.

On 21. 11. the German and French representatives of industry got into touch for the first time in the presence of the German and French representatives of the respective governments under the chairmanship of the Ambassador Hemmen, leader of the delegation of armistice for economy. On the basis of this conversation the German and French representatives of industry were granted the authorization for a private economic discussion with the order to report on the result to the respective government representatives. The authority for the representatives of the German industry was given by the Ambassador on the understanding that the discussion should take place on the lines of the memorandum which was read in the meeting of 21. 11. 1940 from the German part and was handed to the French representatives in writing (see annex).

REPORT ON THE COURSE OF THE DISCUSSION OF 22. 11. 1940

Already in the official meeting of 21.11.40 the French representatives at first took the standpoint that the German-French dyestuff cartel of 1927, which had merged in the Three-Party Cartel (Germany, France, Switzerland) of 1929 and in the Four-Party Cartel (Germany, France, Switzerland, England) of 1932, was considered to be temporarily pending during the war, but not cancelled. The German-French Cartel therefore be the approved basis for a regulation of the German-French interests on the dyestuff field and it should be revived in the sense of the desired German-French collaboration. Though on the part of the Ambassador Hemmen and on the part of Dr. v. Schnitzler this interpretation was refused clearly and unmistakably as not being in consonance with either the legal position or with the political and economic facts and, although as a basis for the negotiations on direct private economic understanding only the memorandum of the I. G. was admitted, Mr. Duchemin entered the discussion on 22.11.40 again stressing the point that the German-French Cartel was still valid. Mr. Duchemin tried to prove this viewpoint on hand of a judgment of a legal adviser of Ets. Kuhlmann in detail and to support it by the following: "The French government has never considered the contracts between German and French firms interrupted by the war."

Dr. v. Schnitzler answered that he refused to continue a discussion on the existence or nonexistence of the German-French Cartel not only for formal reasons, but that he also had to decline in due form the real justification of this claim. The French simply left the events of the last years out of consideration as well

as the fact that France had declared the war on Germany. Apart from the legal position and the economic impossibility to revive cartel agreements arrived at under quite different international market conditions, I. G. must refuse to enter old contractual relations *tel quel*, because the tendency of the French Cartel partners, in particular of Ets. Kuhlmann, was during the war of pronounced hostility. On hand of various documents it was shown that measures taken on the French side since the beginning of the war went far beyond what could have been understood as necessary effect of the war conditions and would have corresponded to national attitude. Numerous measures proved that consciously harm was done to German interests, and, as far as Ets. Kuhlmann is concerned, one must speak of "actes déloyaux." In particular the court on account of presumed espionage against the French representation of the I. G. in Paris was brought up, which had been started on the instigation of Ets. Kuhlmann and which formally is still pending. After all that has happened, the French standpoint regarding the validity of the Cartel must be considered an imputation and insult. On the German part the trial must be declined to bring the French standpoint in connection with the interview of the Führer with Maréchal Pétain and to present the standpoint of the French industry as being in the wording of this conversation.

After this restriction of the basis for the negotiations the French representatives were finally prepared to discuss the leadership claimed by I. G. in the memorandum and Mr. Duchemin asked to specify the four main principles mentioned in the official meeting yesterday, which result from this claim of leadership in respect of the regulation of the German-French relations on the dyestuff field, namely:

- 1. Mutual agreement on the regulation of the French dyestuff production to be adapted to the changed market conditions and the requirements of a future new order of European economy.
2. In principle restriction of the French dyestuff industry to the supply of the French home market and the French colonies.
3. Export only insofar as it is in consonance with the mutual interests.
4. Financial interest of the I. G. in the French dyestuff industry to secure collaboration on the afore-mentioned basis and to do justice to the historical development.

Before starting the discussion of these four principles, Dr. v. Schnitzler once more gives an interpretation of the memorandum of the I. G. handed yesterday. Reference to the proceedings in the past is not made with polemic intention; this is done in the first line to explain the claim of leadership of the German dyestuff industry not only on account of its general position in the world, but also on account of the special development in France. The new programme should form a collaboration as it would have developed if neither the war of 1914/18 nor that of 1939/40 would have come. In this case, in view of increasing dyestuff consumption in France and the importance of the financial power of the French inorganic chemistry, in the course of time quite by itself a certain tendency for expansion of the national dyestuff production would have turned out, as it was represented before the first great war only by St. Denis, but such expansion of the "national production"—because of the predominant position of the German branch factories in France and in view of the uncontested scientific and technical priority of the German dyestuff industry—would only have been possible in consonance with the German dyestuff industry and under its decisive influence.

After explaining once more expressly that the claim of the German dyestuff industry for a leading position in the collaboration with the French dyestuff industry refers to dyestuffs exclusively, but not to other fields of production of the participating French enterprises, in the course of the discussion the four principles were interpreted as follows:

[Translation: Alsleben/Zenner]

AD 1. PRODUCTION

Within the limits of the German-French collaboration a rationalisation of the French production should be carried out. This refers not so much to an improvement of the methods as to a limitation of the number of types and an avoidance of unprofitable, double manufacturing. Such a rationalisation and disposition of products as regards the future market and technical requirements comprises that the French dyestuff works will be joined together in an uniform "French Dyestuff Society." For this reason the dyestuff producing works of Ets. Kuhlmann viz. Villers-St. Paul and Oissel are to be excluded of the Kuhlmann concern and will be absorbed together with St. Denis and St. Clair du Rhône as well as the little concern societies by the new society.

The requirements of anorganic ingredients for the new concern, as far as they cannot be covered, within the limits of own production, as this is the case with St. Denis, will be ensured by Ets. Kuhlmann according to suitable delivery contracts and preferential prices.

As far as the firms or works amalgamated in the new concern manufacture products, which do not belong to the "Führungsanspruch" of the German dyestuff industry, it will as a rule for technical reasons not be possible to remove such fabrications. Is a removal not possible, as it can be foreseen in the case of Villers-St. Paul, agreements should be made that the sale of the products coming into consideration will be done according to an understanding?

The German claim does not refer on principle to all organic chemical products. As far as organic products will be produced in other works as mentioned in the memorandum, which are not used for producing dyestuffs and auxiliaries, this production remains untouched by German claims.

It is not the intention of the German dyestuff industry to place German chemists permanently in French dyestuff works. The German dyestuff industry on the contrary considers the collaboration so, that according to its model of their own organisations, German-French technical commissions should be built, which will meet in certain intervals in order to discuss and settle all problems turned up on their special field.

AD 2. POSITION OF THE FRENCH DYESTUFF INDUSTRY ON THE HOME MARKET

In connection with the limitation in principle of the French dyestuff industry on the home market, the German dyestuff industry is ready to limit its sale to France and to the French colonies in the same manner as in prewar times. It will sell in France only a first-class quality. The sale will be made as hitherto through the I. G. agency, the Sopi, who will keep into close touch with the selling department of the new society in order to exclude any market disturbance.

The fundamental limitation of the French dyestuff industry on the home market as well as in the colonies will leave to the new organisation, considering normal conditions, a thoroughly sufficient base of production because the export was regularly about 25% of the French total sales, and more, it was to an essential part uneconomical. When examining the question whether the home market can offer a sufficient base for the new organisation it must further be considered that the Swiss dyestuff works, within the last years, as well with their imports as with their French home production (St. Fons) have secured, to the debit of the French industry an excessive participation which ought to be reduced in future, so that within a measurable space of time after the war, if the French trade will reenter again into the great European territory, a raise of its consumption will develop.

AD 3. EXPORT OF THE FRENCH DYESTUFF INDUSTRY

In consequence of the limitation of the export, with certain exceptions, induced by territorial or technical conditions, the German dyestuff industry believes already today to be able to support the export to Belgium. As well the carrying on of an export to Spain may be discussed. Owing to the French influence on the Mexican textile industry the export to Mexico will be taken into consideration by the Germans. As far as the new society exports, the sale will go as a rule through the selling organisations of the German dyestuff industry in the countries concerned.

AD 4. FINANCIAL INTEREST OF THE GERMAN DYESTUFF INDUSTRY IN THE FRENCH DYESTUFF INDUSTRY

The German group explains the financial interest which is necessary for the security of the German leadership (Führungsanspruch) and the principles for the regulation of the production and sale of the French dyestuff industry, which for the rest answers the historical events, as follows:

The capital of the new society will be disposed as follows: 49% French group, 51% I. G.

The president of the administration board will be a Frenchman appointed by mutual agreement, who according to the new regulations of the French law respecting joint stock companies of the Vichy government of 18th September, 1940 (Art. 2) possesses the function of a general manager. The order as to the alteration of the French law respecting joint stock companies of 18th September, 1940, is based upon the "Führerprinzip" and gives the president of the administration board who, as already said, will be a Frenchman, far-reaching authoriza-

tion. The German majority is for this reason an indispensable counterweight for the president owing to the law respecting joint stock competence.

The remaining administration board will be put together by German and French members in relation to the invested capital.

The development of articles 1-4 contained in this report has been formed not only by the program brought about by the I. G., but also partially as a result of regular discussions based upon French questions.

The French representatives took notice of the total result of the discussion described in this report with the addition to discuss it with the gentlemen of their firms and the authorities and then soon to report by letter.

The meeting was closed with the stipulation that the German representatives should report Ambassador Hemmen of the result and that it would be left to him in connection with the representative of the French government in Wiesbaden, whether in the afternoon a decisive, official meeting should take place. Ambassador Hemmen, owing to the report of the result of the private commercial discussion, answered in a negative sense as regards the necessity of a final official discussion pointing out that the private commercial negotiations according to the present state are at the time being still going on and that the authorities would only then interfere if the decision of the French industry should show a negative attitude or a dilatory treatment.

When reporting to Ambassador Hemmen it was especially referred to the contradiction, which originally contained the French standpoint, i. e. that the cartel agreement is not put in force as yet. Whereas the French group was of the opinion that in spite of the war declared by France, in spite of its end, and in spite of the indisputable want of loyalty of the French party during the war, the mutual relations ought to be based again on the stipulations of the cartel agreement; Mr. Duchemin in the today's meeting, repeating his former justification, intended to charge the I. G. with the break of the Gallus agreement pointing out that the German works ceased to deliver intermediates during the struggle for the Ruhr, which as you know was done by direction of the authorities.

(Signed) VON SCHNITZLER.

Enclosed: I. G. Memorandum of 21.11.1940.

EXHIBIT No. 42

MEMORANDUM CONCERNING DISCUSSION WITH MESSRS. DR. KOLB AND DUCHEMIN WHICH TOOK PLACE AT THE HOTEL MAJESTIC IN PARIS ON DECEMBER 14, 1940, REGARDING NEGOTIATIONS CONCERNING DYESTUFFS

[Translation]

DECEMBER 14, 1940.
No. 78/D.

The discussion with Mr. Duchemin mentioned in my memorandum of December 13 (No. 77/D) took place today.

Mr. Duchemin, referring to his letter, stated again that he would appreciate it if the negotiations already begun were not interrupted. The French group, however, he stated, suggested continuing these negotiations on the basis of private enterprise. The French group was convinced that it would thus be possible to reach a mutual understanding, although there were obviously large discrepancies as to the attitude taken by both groups in regard to future cooperation. We pointed out that we would immediately transmit to the I. G. the French request to have negotiations take place in the middle of January, but that we were presuming that the I. G. memorandum submitted at Wiesbaden would serve as a basis for these negotiations, as there had been no counter proposals on the part of the French. With this statement we touched a sore spot. Mr. Duchemin replied that the I. G. memorandum had been thoroughly examined by the management committees of the firms of Kuhlmann and of Saint Denis and that discussions with regard to this subject had taken place with the French Government. The requests made by I. G., he said, were going too far and he would rather see his hand cut off than sign such an agreement. The French Government, moreover, declined emphatically the proposed 51% participation of the I. G. in French production. The French group had prepared a counter proposal and submitted it to their government for approval.

He roughly reiterated the same arguments as were made frequently by Mr. Frossard: Production would be supervised and directed by a common "marketing

organization," the smaller factories would disappear and only the Etablissements Kuhlmann, Saint Denis and Saint Clair-du-Rhone would continue the production of dyestuffs. The French were willing to assign 49% of the shares of this marketing organization to the German group. They would select a president agreeable to both sides. Both parties would be entitled to select an equal number of members of the board of directors and of managers.

We emphasized that this proposal, and the I. G. proposals, were too far apart to furnish a basis for an agreement, in view of these marked contrasts. The justifiable German request for participation in production would have to be answered satisfactorily. Here again Duchemin mentioned that as long as negotiations were continued on the basis of private enterprise, the French would never consider a 51% participation in production, and should the Germans try, with every means at their disposal, to obtain such a majority, this would only be possible by incorporating a corresponding provision in the Peace Treaty. We mentioned again that negotiations could not be expected to be successful under these circumstances and that it certainly would not be in the French interest to see these negotiations broken off, especially since this might have consequences detrimental to them. Duchemin replied that the French Government, too, was of the opinion that the Wiesbaden memorandum showed very little of the so-called "spirit of cooperation" and that I. G. was demanding very much while offering very little in exchange. We then asked whether the French attitude would be altered if Germany would offer some sort of compensation (we had in mind an exchange of shares without stating this expressly, of course). Duchemin replied that such a transaction might be more bearable from the French point of view.

It was finally pointed out that German authorities in Paris would report favorably on the French proposal of continuing the negotiations on a basis of private enterprise and that it was hoped that these negotiations would bring forth satisfactory results, because otherwise further negotiations would automatically have to be taken up again with the Armistice Commission.

In order to arrive at a successful solution, it is imperative that the French parties revise their attitude fundamentally by the middle of January. Furthermore, they should not assume any obligations towards their government which would restrict their actions. This last argumentation made a very strong impression upon Mr. Frossard. He stated that he, at any cost, would like to avoid a discontinuance of the negotiations. He inquired whether it would not be advisable to have the entire problem discussed by him and Director Dr. von Schnitzler, or another gentleman of I. G., before the general discussions began. We replied that such a procedure did not seem indicated with regard to Germany because the German proposals were well known and because the French group would have an opportunity in the meantime to adjust their point of view to the German one.

(Signed) KRAMER.

EXHIBIT No. 44

MEMORANDUM ON GERMAN-FRENCH DYESTUFFS NEGOTIATIONS

[Translation, Dr. K/K.]

JANUARY 31, 1941.

No. 27/D

On January 30, Mr. Duchemin called up to inform me that Mr. Pichelon, Under Secretary of State of the Ministry of Production, left on the same day for Vichy in order to submit the proposal to the French Government.

Mr. Frossard visited me today and told me that he was traveling into the unoccupied zone in the evening and that together with Duchemin he would intervene personally at Vichy, since they assume that Pucheux would not be in a position to represent the proposal correctly. In the opinion of Pucheux and the representatives of the French ministries here, the approval would be quickly forthcoming if the ratio of participation were 50:50. Mr. Frossard asked whether there was no possibility of possibly coming to an agreement on this basis. I indicated that it was quite useless to bring in renewed discussions on this basis, since I. G. would under no circumstances depart from the percentage quota fixed in the minutes of the meeting. Mr. Frossard declared that in his discussions at Vichy he would argue for the acceptance of the 51 percent, and that in these negotiations he would submit his resignation if the agreement was not reached.

He considered it most urgent to secure the agreement as soon as possible, since production both in the occupied and in the unoccupied areas was suffering greatly. In the unoccupied area, intermediate products are lacking, and in the occupied territory there is a lack of coal. Saint-Denis is closed on account of a lack of coal. Villers-Saint Paul and Oissel have hardly anything to do and Saint-Clair-du-Rhône has practically ceased to operate, because of the lack of intermediate products. [He stated that] the Ciba plant at Saint-Fons, on the contrary, was operating in high gear. [He added that] Ciba had recently imported considerable quantities of intermediate products, since the French Government was opposed also in the unoccupied area to imports of finished dyes.

Mr. Frossard himself considers the 51% solution as a very generous gesture of I. G. and as a fair basis for German-French "collaboration." He hopes that he may be able to furnish additional information on Vichy's attitude toward the end of next week.

(Signature.)

Management Division Dyes.

EXHIBIT No. 47

MEMORANDUM OF DISCUSSION WITH MR. FROSSARD ON MAY 29, 1941

[Translation: Dr. K/K.]

MAY 29, 1941.
213/D.

"PROJETS DE LOIS" [PROPOSED LAWS]

Mr. Frossard handed me [copies of] proposed legislation drawn up by the French Group, subdivided into "question financières" [financial matters] and "questions légales" [legal matters]. These proposals will be submitted next week to Mr. Bichelonne, Secretary General of the Ministry of Production, in the presence of the lawyers of the French Group.

WINNICA SHARES

Messrs. Frossard and de Kap-Herr are of the opinion that the transfer might cause difficulties inasmuch as, at the time the capital was increased, individual ownership of the shares was not distinctly clarified for reasons which cannot be mentioned at this point. In making a transfer to Switzerland, however, it is necessary to specify the status of ownership. Since I. G. intends, in any case, to take over the remaining shares of Winnica, Mr. Frossard raises the question of whether it might not be possible to transfer the shares in question at the time [these shares] are taken over. It is suggested that this question be discussed at the next meeting.

RESTRICTIONS REGARDING DELIVERIES TO MANUFACTURERS OF VARNISHES (INTERMEDIATE PRODUCTS)

Mr. Frossard agrees with the contents of your letter of May 6, 1941, and has already conveyed pertinent instructions to the C. M. C. firms and their agencies.

DYESTUFFS FOR CIBA AT SAINT-FONS

Based on an application of May 27, E. K. [Etablissements Kuhlmann], as has already been communicated by telephone to Mr. Eckert, wish to ship several thousand kilograms of dyestuffs to Ciba, at Saint-Fons. I called attention to the fact that we could not give our approval, since such shipments would complicate the negotiations of the French Group with the Swiss regarding the fixing of the market quota in France. Mr. Frossard understands and will reject the orders under pretext that, on account of the coal shortage, he himself will not have sufficient dyestuffs at his disposal. On this occasion, I once again called attention to the general fact that dyestuffs should not, until further notice, be sent to Swiss firms.

PHTHALIC ACID ANHYDRIDE

Mr. Frossard reported that yesterday he had had a lengthy discussion with Dr. Bertsch. The Henkel group, with which E. K. [Etablissements Kuhlmann] concluded an option agreement in January of this year regarding the delivery of equipment for the manufacture of phtalic acid anhydride and the granting

of a manufacturing concession (Monsanto), would insist [according to Frossard] on the earliest possible use of this [patented] process in Germany. [He said that] Dr. Bertsch had recently negotiated with Director Dr. Ambros who had replied that I. G. would make no objections to this transaction, provided that the manufacture proceeded independently of the Lu.¹ phtalic acid-anhydride process. Mr. Frossard stated to Dr. Bertsch that he could not possibly give such assurances, since it was quite clear that the inspections of the Lu.¹ production centers had, to a certain extent, affected the conditioning of the equipment and manufacturing process of E. K. [Etablissement Kuhlmann], and, objectively speaking, he could not guarantee that the Kuhlmann process is entirely independent of the Lu.¹ process. [He added that] he had advised Dr. Bertsch possibly to discuss this matter with I. G., with a view to reaching an understanding.

SULPHUR COMBUSTION PLANT ["SCHWEFELVERBRENNUNG SANLAGE"]

As is known, it was planned, in order to insure the necessary sulphuric acid supplies, to make up for the lack of pyrites by sulphur shipments from Germany, and through the manufacture of the corresponding quantities of acid by way of sulphur combustion. Mr. Frossard has meanwhile discussed this matter with the Inorganic Division of E. K. [Etablissements Kuhlmann], and according to the technicians it is possible, through minor conversions, to equip the Usine de La Madeleine for the purpose of converting monthly approximately 1,000 tons of sulphur into sulphuric acid. This amount would be ample to supply all the dyestuff plants of the French Group. The plant at La Madeleine would be best suited for this purpose. If, for certain reasons, it were necessary to make use of factories which are not under Belgian military jurisdiction, Nevers, Paimboeuf, and Port de Bouc would enter into consideration. The latter could likewise work up approximately 1,000 tons per month. There should be no doubt as to the necessity of striving after the utilization of La Madeleine for this purpose.

WESTDEUTSCHE CHEMISCHE FABRIK [CHEMICAL PLANT OF WESTERN GERMANY]

Recently Messrs. Herbert and Wolff of the Westdeutsche Chemische Fabrik which belongs to the Immhausen-Group, came to Mr. Frossard to discuss the matter of shipping phenol, phtalic acid anhydride, and urea to Germany. [Mr. Frossard said that] these gentlemen had called attention to the fact that they were in a position to secure the pertinent emergency certificates from the German military authorities. In reply, Mr. Frossard stated that he was not in a position to make such shipments, since he himself imported urea from Germany, and could not give up any additional quantities in the other products. [He pointed out that] in the future he would generally refuse to conduct such negotiations, since he considered that Francolor had already been established, and that he would not engage in such transactions without the approval of I. G.

As a matter of fact, E. K. [Etablissements Kuhlmann] and also other chemical plants in France are almost daily overrun by all sorts of German buyers. Mr. Frossard would therefore welcome it if you could issue regulations via the Reich Group Chemistry [Reichsgruppe Chemie] designed to put a stop to those visits, since I. G. could just as well reach a direct understanding with the pertinent firms or authorities.

Quite apart from this, the situation in the field of phtalic anhydride and phenol in the next few months will be such that there can be no further shipments of any kind to Germany. On the contrary there must be additional production for supplying the needs of the French market.

In the field of phenol, for instance, a monthly supply of at least 500–1,000 tons of phenol will be necessary shortly, I was told by Herr Oberingenieur (graduate engineer) Brandt of Koeln-Rottweil, who was here for a few days. He has been appointed as technical adviser for putting the French Powder Plant into operation.

In this connection I have again taken up the matter with Mr. Brandt and Lt. Colonel Horn as to whether there is not any possibility of preventing the Powder Plant in Oissel from beginning operations. There has been no final decision as yet but it will probably come about that in spite of the praiseworthy support on the part of Mr. Brandt, it will hardly be practicable not to let Oissel begin operations again. There will be further discussion of this matter with the parties concerned about June 12.

¹ The translator believes that "Lu." is an abbreviation for "Ludwigshafen."

MATTERS RELATING TO PERSONNEL

Mr. Vaucher is to be pensioned beginning July 1, 1941, with the stipulation that he is not to take part in the dyeing industry elsewhere.

Mr. Berr has retired from the management of the division of inorganic products of the E. K. because of the law concerning Jews.

Mr. Duchemin will temporarily fill both the office of president of the E. K. and that of general manager of the division of inorganic products in cooperation with Messrs. Merr and Hervey.

Rhein.—In connection with remarks which I made recently to *Mr. Eckert* by telephone, *Mr. Frossard* today stated that *Rhein's* father was not a Jew but a minister [clergyman] from Hamburg. [He said] that he had no Jewish blood at all in his veins and is in no way affected by the laws concerning Jews.

Serge de Kap-Herr.—It is correct that *Kap-Herr's* son is married to the daughter of *Andre Maurois* (*Herzog*). The mother—that is, the first *Mrs. Maurois*—was an Aryan.

Saint-Denis.—All Jews who were part of the personnel of *Saint-Denis* have left.

The two *Frossard* brothers were at *Saint-Denis* yesterday and early this morning to attend, together with *Mr. Thesmar*, to the reorganization, which was made necessary by the Jews' leaving.

SHUTTING DOWN OF MABBOUX AND CROIX DE WASQUEHAL

On the occasion of his last trip *Mr. Frossard* came to an agreement with *Mabboux & Camell* on shutting down [of the plants]. *Mr. Kap-Herr* is going to *Lyon* in a few days to attend to the technicalities which are necessary because of its absorption by *Saint-Clair*. *Croix de Wasquehal* is to be merged with the E. K. and the preliminary work for this is already going on.

BASES FOR THE FORTHCOMING NEGOTIATIONS

I have requested Messrs. *Frossard* and *de Kap-Herr* in proper form to have ready for the forthcoming negotiations the most important contracts for supplying and delivery, lease contracts, etc. Employees' contracts for the managers do not have to be ready, according to the gentlemen's statements. All agreements of this sort are made in good faith.

EXHIBIT No. 49

REPORT OF CONFERENCES AT GERMAN MILITARY COMMAND IN PARIS ON
"PEACE PLAN"

[Translation: *Volgt/Straube*]

SECRET

Participants: Consul general *Mann*, *Leverkusen*; Director *Dr. Grovel*, *Leverkusen*; Director *Dr. Kugler*, *Frankfurt*; Director *Dr. Krüger*, *Berlin*; *Dr. Terhaar*, *Berlin*.

I. PRELIMINARY DISCUSSIONS AT WIESBADEN (29.8)

As an essential result of the preliminary discussions which had taken place with the armistice delegation for economic questions (*Secretary* to the legation von *Maltzan*, on behalf of the leader of the delegation, ambassador *Hemmen*, being absent) it is to be ascertained that the armistice delegation for economic questions after a detailed exposition by consul general *Mann* of the existing problems on the *Pharma* field agreed unrestrictedly to our plan to bring about a regulation with *Rhône-Poulenc* in the nature of private enterprise corresponding to the public interest with the proviso to tune down our line of action in the given case after conclusion of the journey to *Paris* once again finally and in detail with the leader of the delegation, ambassador *Hemmen*.

A succeeding conversation of the dyestuff complex proved that (apart from the reply received in the meantime from the delegation to the *Union Syndicale*) *Wiesbaden* sees at present no new points of view for the treatment of the *Kuhlmann* question.

As regards *Cellophan* *Maltzan* was informed in that sense according to the directive rules given by *Anderhub*, that it appears to be appropriate to draw the attention of the French offices at a fit opportunity to the fact that the *Cellophane* production has to be valued as a luxury production in order to prepare in this

manner the way for fruitful negotiations with the French partner without burdening Kalle.

As far as the buying is concerned it was ascertained that the carrying through of the phosphate supplies depends at first still on preliminary questions regarding the new clearing agreement the clarification of which requires some time yet. It was arranged to inform Wiesbaden minutely by a corresponding exposé about our interest on the phosphate field.

In the range of these special conversations the general political and economical situation of France was talked over. As the main fact has to be mentioned that out of the running conversations in respect to the relaxation of the line of demarcation resp. about the strengthening of the German influence in the upmost positions of the French organisation (especially so for the export trade, supervision of foreign exchanges, prices and rationalization) evidently a new phase of our political economical relations to France is preparing, which presumably will make necessary a number of new measures which cannot yet be perceived today in detail.

Since as one of these measures the clarification of the French customs tariff is characterised by the application of the general tariff to be discerned it was agreed to put together the wishes of the IG in respect to duties and after a corresponding tuning down with the German offices to pass same on to the armistice delegation for the information of Hemmen.

The armistice delegation was in this connection referred to the possibility that from the development of the clearing business very soon difficulties in the transport sector will arise and that France will no doubt try to meet a forcing of German exports by a regulation of quantities. For that reason it was agreed to keep a steady contact with Wiesbaden in order to settle all difficulties resulting from the clearing business.

[Translation: Schmitt/Radtke]

II. DISCUSSIONS AT PARIS (31.8-2.9)

(a) *Economy and armament board* (lieutenant colonel Neef): Neef was informed by consul general Mann with regard to the pharma interests and the projects of Leverkusen. The aims and the procedure of Leverkusen were approved of by Neef—however, he expressly mentioned the fact that the influence on the production in the unoccupied zone of Rhône-Poulenc might meet with some difficulties. Neef hopes, however, to be able to overcome these difficulties for our I. G. interests by introducing the obligation to procure a permit for resuming the production, as planned by him. For this purpose he asked for the necessary details, which must contain—separately for the occupied and unoccupied zone—about the following:

- (1) Name of the producing firm.
- (2) Products of this firm.
- (3) Reasons against the resumption of a special production.
- (4) Details concerning the possibility how to cover the French requirements for products of the closed French firm by German supplies.

As the agreement with other German firms or the respective economic section was only dispensable with regard to dyes, hitherto a respective application has only been passed on to Neef for the dyestuff section, simultaneously informing the Economic section France and the armistice delegation.

[Translation: Mysing/Gross]

Whether further petitions are opportune, will be decided only when it is cleared up that the interpretation of the "Wirtschaftsabteilung Frankreich" (economy department France) which is contrary to the one of Neef, is correct or not. (According to the point of view of the economy department France they will abstain from such a procedure to grant.)

Finally a continual contact at Wiesbaden and Paris was agreed with Neef who is at disposal for further deliberations.

(b) "*Wirtschaftsabteilung Frankreich*" (Economy department France)—*Kriegsverwaltungschef Min. Dir. Michel* (Chief of war administration Min. Dir. Michel): Min. Dir. Michel, who in the same manner as Neef was informed by Consul General Mann about the Pharma conditions and by Dr. Kugler about the further development of dyestuffs, agreed completely with the procedure of the I. G. It is remarkable that when making his statements he stressed as principles of his work "to make completely use of the given historic chance, to adapt the French economy to the German one by interfering accordingly in the French economy."

He confirmed the development learned at Wiesbaden, according to which the loosening up of the demarcation line shall be compensated by the intercalation into the leading authorities ("Aussenhandelskommissar und Devisenkommissar ohne Weisungsrecht, aber mit Veto-Recht") (= commissary for foreign trade and commissary for foreign exchanges without power of giving directions but with right to vetoing) and the German-Italian control on the French custom boundary.

The loosening up of the line will be restricted to a gradual relief of movements of persons (with obligation to visé), improvements of exchange in goods, payments and mail which up to now has been confined to 300 letters daily between the occupied and unoccupied territory.

As regards the question of the pressure which was thought necessary in the planned negotiations respecting private trade, as a principle he pointed out the necessity to intercalate the department "Gewerbliche Wirtschaft" (industry) or "die Gruppe Chemie der Wirtschaftsabteilung Frankreich" (group chemistry of the economy department France).

He himself was ready, when deliberating continually with the state secretary of the French production ministry in Paris, to point out particularly that the German pharmaceutical industry had been treated wrongly as regards patents and that the French industry will be charged accordingly in future, in order to assist us in this way to influence the production Rhône-Poulenc which lies in the unoccupied territory.

[Translation: Bruder Müller/Hinzler]

Highly important to the concrete method of guiding the production of the French factories which the I. G. is interested in has been his reference to the comparatively far-reaching autonomy of the regional offices of Military Government and with which it would appear useful to get into touch through the "Feldkommandanturen" for the purpose of guarding against any false conclusion on their part. A list of the "Feldkommandanturen" has been drawn up.

(2) *Oberkriegsverwaltungsrat Bolck (Report: Industrial economy, section "Chemistry," Dr. Kolb).*—As a result of the exhaustive exposition made by consul-general Mann our conception with regard to the method of dealing with the pharmaceutical complex has been approved on principle by both gentlemen. In particular the following important items appear to be especially worthy of observation:

(a) The settlement of the pharmaceutical complex by having recourse to the patent laws would represent undoubtedly an excellent result, but on the other hand it must be objected that probably owing to the mixing up with the French legislation and the treaty of peace a similar solution of the problem would be deferred for rather a long time. For this reason it would appear appropriate to look for an intermediate solution on private commercial basis.

(b) Considerable difficulties will in any case result from the situation Rhône-Poulenc in the nonoccupied zone there being only small possibilities of interference. Dr. Kolb therefore suggests to try indirect interferences by exercising an influence on the assignment of raw materials in the occupied and nonoccupied zones.

(c) An other point of view is given by the variety of the production of Rhône-Poulenc, above all by the fact that Rhône-Poulenc should be utilized by Germany also as to artificial wool made by cellulose and by virtue of its relations to Rhodiaseta. Partial outputs in this line and those in different chemical products will hardly be avoided, all the more since the German interests have already been underlined by the visit of Staatsrat Schieber.

From all that may be inferred the necessity of acting very prudently and of harmonizing to a large extent with the other German interesting parties. Particular importance in this connection is due to the getting into touch with Grillet, as has already been mentioned by Kolb.

The discussion of this complicated situation involves the question, whether in analogy with the dyestuffs section a special arrangement can be met for Leverkusen by excluding the pharmaceutical share of Rhône-Poulenc.

(d) On concluding the debate it has been suggested to get into contact with Rhône-Poulenc after having come to a definition with Ungewitter and at a moment which, on psychological grounds appears favourable in order to come to a sound, private-commercial understanding. Bolck and Kolb are disposed of using their influence in coming deliberations in case any pressure should appear desirable in process of development.

During the discussions of the dyestuffs section, which brought forth no new facts, it was given notice that the sanctioning procedure promised by Neef has

been discarded. Nevertheless Bolek was given, for information, the text of the dyestuffs memorandum which was transmitted to Mr. Neff for the sanctioning procedure.

[Translation; Alsleben/Hinzler]

Referring to the photo line it was known to us that an intervention of the German Kodak was addressed to the propaganda office in Paris (Langfeld, Berlin) which apparently may lead, in contradiction to the planned restrictions of the readmittance of the French photo-industry, to a recommencement of the French Kodak. The discussion of this matter shed no decisive light on this question. After all Bolck's and Kolb's assurance was such, that the decision, whereof much to our regret secrecy has been enjoined upon us, should satisfy I. G. in every respect.

In pursuance of this report, concerning the production of cellophane, Mr. Kolb answered that a promulgated interdiction of such a superfluous production during the present situation could be avoided by a more suitable camouflaged procedure, viz., the nonallotment of indispensable raw material (softeners and solvents) with the effect that "La Cellophane" cannot start its work.

The final discussion of the transport question resulted in the readiness to assist us as far as possible.

We agreed that the parties of I. G., Paris, hindered by transport difficulties should get in touch with the man in charge of the transport, attached to the trade department (von Sussdorf) find out a way, until the transport question becomes less difficult—which probably takes place within 4 weeks—which will bring about a sufficient discharge.

3. *Chief of the home administration, group medical affairs (Dr. Bardenheuer).*—In order to avoid wrong dispositions which may occur by the state of supply of pharmaceutical products within the medical political direction of German authorities in Paris, the commissarial director of this group was informed of the pharmaceutical situation and Leverkusen's sufficient delivery possibility.

4. *German Embassy—(a) Legation's councillor Rahn*—In order to keep the German embassy posted, which in addition to the existing German offices will perhaps establish a special trade organization, legation's councillor Rahn was informed of the different I. G.'s spheres of interest.

(b) *Legation's councillor Gardemann*: Legation's councillor Dr. Gardemann who was intrusted with agrarian matters within the limits of the embassy was likewise informed of the particular questions concerning this territory. We agreed to a close contact and transmission of details.

5. *Propaganda Department, Paris.*—Owing to the eminent importance the propaganda work of the film sector signifies for Agfa, technical discussions with Mr. von Mallinckrodt in connection with the manager of the department, Wächter, were prepared. During the technical discussions with Mallinckrodt we found out that the lack of raw film really is an essential element for the signification of Kodak's situation in France, a point which will be cleared within a conference held by all parties concerned during the first week in September in Berlin.

It can be assumed that by Agfa's Paris now established contact with Mr. Wächter, there is the possibility to clear I. G.'s interest as to the distribution of the French film production.

[Translation: Rechtenberg/Spies]

6) In several negotiations conducted among other persons with *Maitre Loncle*, the juridical aspect of the integration of the "Pharmaceutical Department France" in the Sopi was clarified, so that it can be executed after consul-general Mann and Herr von Schnitzler having talked over the matter.

Besides the above-mentioned negotiations, all persons taking part in the travel have had informatory interviews with businessmen of their friends and with all gentlemen of the I. G. in Paris they could reach. In order to secure a useful cooperation and also for exploiting all informations obtained, the gentlemen of the I. G. residing in Paris have mutually agreed upon their meeting together regularly.

Among the abundant informations gathered at these meetings, the following details, compiled as brief notes, are particularly interesting:

Duchemin is keeping in touch with Kolb and is said to be "reasonable."

Teshmar is in Paris and is feeled by the German offices as "nicer than the people of Kuhlmann."

Frossard as well as Rhein are in the unoccupied zone, namely at Toulouse. Frossard—he declares it himself—cannot come in the occupied zone as he must

expect difficulties being made to him as "German deserter." Rhein has told an informant, that Kuhlmann will shortly "go on making very grandly."

Information from the pharmacist who has been reengaged by Herr Dr. Grobel of Rhône-Poulenc, that as well R.-P. as Kuhlmann were apprehensive for the I. G. not having yet attempted to reestablish relations in any form.

III. CONFERENCES AT BRUSSELS ON SEPT. 4, 1940

(1) *Oberkriegsverwaltungsrat Keyser*.—Keyser, informed about the fundamental interests of the I. G., especially about the pharmaceutical situation, pointed out his not being in a position to make up his mind with regard to every single technical question of the I. G. He sketched, however, a picture of the present economic situation of Belgium and underlined the great reach which must be attributed for the work of reconstruction to the interlacing of German and Belgian economy desired by Reichsmarschall Göring.

Of peculiar interest was his pointing out the facts that coal production has again reached 85% (of the prewar figures), that surprising improvements had been obtained in the transport and that foreign trade also was reviving gradually.

He further gave the essential information that, as a result of Schlotterer's travel to Belgium the deliberations about the great firms which exist precisely in Belgian economy, as Solvay, Ougrée-Marihaye and others, would not be continued in Brussels but in Berlin.

The following details on this point could be found out: Otto Wolff has a special interest in the firm Ougrée-Marihaye; Steinbrinck will assume the regulation of the heavy industry.

Keyser underlined that the Luftwaffe has taken a special interest in Gevaert.

[Translation: Haag/Mungai]

GROUP CHEMISTRY/DR. KRAFT

After General consul Mann had explained the situation of pharmaceutical business in Belgium, Kraft said, that the head of the firm Meurice, Mr. Terlinden, some time ago had come to see him. In consideration of the export losses of Meurice Terlinden had applied for the permission of compensatory exports to Germany, Holland, and the Southeast. Kraft had refused this permission, that is to say, he had pointed out to Terlinden that he better discuss these questions with Leverkusen.

The method to be adopted was shortly discussed and it was decided to do nothing at the present time till Terlinden had applied to Leverkusen.

Kraft declared on the dyestuff complex (Tertre) that as far as he knew, the matter could be regarded as settled financially. It only required a formal conclusion by a conference between I. G. and Tertre.

In a later discussion Mr. Sonnenburg declared to this question, that as far as he found out and according to what he had learned from the Belgian party, Tertre's preparations for taking up the production of dyestuffs were limited to the purchase of the site. Therefore one could not speak of any plans of production.

The result of a discussion on September the 7th in Berlin was that contrary to the statements of Keyser and Sonnenburg the situation ought to be gone into again more carefully, as Ansiaus is of the opinion that the preparations for the production have proceeded further than Keyser and Sonnenburg supposed. In this connection Mr. v. Schnitzler received a letter from Mr. Blaise.

In connection with the dyestuff-problem France it is of interest, that according to statements made by Kraft the delivery of ingredients, produced in the northern parts of France under the administration of Brussels, can easily be directed to France, as a respective system of control has been installed in the meantime.

The photographic line of business was discussed only in a general way. The result of this discussion was that the firm Gevaert had considerable protection, that the northern French production of Gevaert again has been put into operation and that because of the shortage of films Brussels also gave permission for export to France.

In the important question of prices of the photographic business Mr. Kraft underlined the necessity of quoting nearly the same lower prices of Gevaert, as the present development will result in higher prices because of increasing costs of production.

Regarding the Solvay complex, Kraft repeated the above-mentioned statements made by Keyser concerning Berlin's method of dealing. Worthy of notice is that he underlined Solvay's readiness to cooperate in the reconstruction-work.

Besides these conferences other discussions for the purpose of inquiry were held with:

Legationsrat Werkmeister, the representative of the Foreign office at the military C. in C. of France.

Dr. Flad, the head of the "group foreign trade" in the department for economics, Belgium.

Dr. Hartenstein, the head of the group "Belgian alien property."

Sonnenburg, who is charged with some investigations of the Belgian industry.

Dr. Bard, office of chemical stocks, Brussels.

The result of the discussion with Dr. Flad is: I. G. lets him know as soon as possible all custom requests, and explains the real connections of the production of northern France with the French dyestuff production, in order to make the direction of export from the northern France to France easier for him.

It is important in this connection, that the application of I. G. begging not to permit the reopening of the French dyestuff factories in the near future, was made known to Dr. Bard. Dr. Bard promised to adopt a negative attitude if applications for heavy chemicals from the Kuhlmann factories in the mentioned departments were made by organic factories in the occupied area.

[Translation: Kretschmer/Heidrich]

IV. DISCUSSION IN WIESBADEN ON SEPT. 5TH, 1940 (ARMISTICE-DELEGATION FOR ECONOMIC QUESTIONS, AMBASSADOR HEMMEN)

Hemmen, being informed of the results and impressions of the Paris discussions, on principle placed himself at the disposal of supporting our planned private economic discussions, but he pointed out that, with regard to the new situation towards France, created by the loosening of the demarcation line, he thinks it better that the necessary pressure for our discussions should arise from the historical development of increasing difficulties of the French economic conditions, and in a way not be forced too soon by an action of the armistice delegation.

By referring to some important developments separately (French colonies, coal situation, government crisis in Vichy, etc.) Hemmen declared that under these conditions an effective basis for our discussions should be given by tactics delaying and by our going on waiting patiently until late in the autumn or the beginning of winter.

Remarkable points of his speech were:

1. The present intention of redeeming the treasury notes, the fact of which means to pass the formal responsibility for finances to France.

2. The statement of our resolution, to introduce again autonomously the minimum tariff in the customs district.

By these measures Hemmen hopes to be able to revive the essential export to France. On account of our objection, that even the minimum duties might not be sufficient to enable us to export, e. g., photographic articles and pharmaceuticals to a larger extent, he asked for a statement of substantiated I. G. wishes re customs referring thereto, in order to use them eventually in further discussions with the French.

In addition to Hemmen's statements it is important to know of the result of a discussion with the "Reichswirtschafts-ministerium" (Reich-Ministry of economics) according to which the introduction of the minimum tariff by the Germans will naturally cause France also to introduce the minimum tariff for the German export to France. The final formal settlement of this problem has not yet been quite finished up till now, but I hope it will be in a few days.

14.9.1940.

EXHIBIT No. 50

EXTRACT OF LETTER FROM AMBROSE TO KRAUGH, DATED SEPTEMBER 1, 1942, ON SLAVE LABOR EMPLOYED BY FARBEN

"Already before the official agreement between Germany and France was made, General Director J. Frossard made a proposal to send a certain number of his workmen as volunteer workers to Ludwigshafen. Of the 100 workmen that were provided for this job, 45 specialists have arrived meanwhile, who are led by a chemist and work as a closed unit. Another 50-60 men will arrive in the near future. Those 100 men are specialists which we have employed in the respective fabrication, thus forming an assistance in executing the PSV and Buna project."

EXHIBIT No. 51

MEMORANDUM, DATED AUGUST 21, 1942, ON SLAVE LABOR EMPLOYED BY FARBEN

Berlin W9, August 21, 1942.
128 Saarlendstr.
Tel. 120048.

The Commissioner for the Four-Year Plan.
The Deputy Commissioner in charge of Special Problems of Chemical Production.

CONFIDENTIAL

Record LT5 Eu/Kr. Journal Nr. 128997/42.

Re: *Group Employment of French Industrial Workers.*

To: Dr. G. von Schnitzler, I. G. Farbenindustrie A. G., 20 Grüneburgolatz, Frankfurt on the Main.

MY DEAR DR. V. SCHNITZLER: With reference to the contract closed between I. G. plant Ludwigshafen and Francolor, with which the Francolor took over the obligation to send 100 workmen in a closed unit to Ludwigshafen, I would like to ask you to use your influence on Francolor that the French company decides to send a larger number of labourers for employment in one group [Gruppeneinsatz] to Germany.

Attempts have hitherto been made to encourage employment of French labor in Germany, and consequently one has tried to raise the figure of French workmen who should work in Germany, to 350,000, but up to now only 36,000 were sent to Germany. To meet Germany's continued urgent labor requirements, all possible sources will have to be exhausted in order substantially to increase the number of French workers in Germany. For this reason the proposal was made by German offices to form closed units of workmen which should be taken over by the different German works. For this purpose the Deputy Commissioner of Manpower [Generalbevollmächtigte für den Arbeitseinsatz] and my Agency developed the group-labor employment plan. In this connection French firms furnishing labor replacements pursuant to a wage and tariff agreement with a German enterprise are obliged to cover the latter's specified labor requirements by setting up closed labor units consisting of the desired combination of workers. The individual labor contracts between German enterprises and workers furnished by the French firm, are made under the terms of the wage and tariff agreement. The workmen would remain employees of the French mother company [and return to France after their work is completed¹] but the binding commitments under [French] labor laws would be suspended for the duration of their employment in Germany. Such an arrangement is, in comparison with employment of individual workers, more advantageous for the French firm, inasmuch as the French workers will be sent back to the latter as a closed unit after termination of the employment-period term.

Out of the negotiations which took place up to now I have learned that Mr. Frossard is entirely of the opinion of the German officers concerned that the use of closed units is the right way to bring the employment of French workmen in the German works on a broad basis. Mr. Frossard has, therefore, used his known initiative for the conclusion of the first unit-work contract with the I. G. Ludwigshafen. I hope, therefore, that further workmen of Francolor will be sent to Germany. Not only Ambassador Abetz, who would welcome the idea of having employment units of French workers sent to Germany, but also the German Military Government, Paris, is of the opinion that out of the workmen of Francolor companies about 700-1,000 workmen could be sent as units to Germany. In consideration of the urgent labor requirements in the sector of Chemical War Preparedness, this should be done as promptly as possible.

I should appreciate it very much, if you dear Dr.-v. Schnitzler, would use your influence with the leading men of Francolor and the Kuhlmann Concern for the purpose of making arrangements for employment units on a larger scale. If you will advise me accordingly, I shall instruct my Paris office to indicate to Francolor such I. G. construction projects and plants—especially in the mineral oil sector—as ought to enjoy priority in securing labor, and to start negotiations with Francolor, with respect to the execution of the most urgent employment projects.

Thank you very much in advance for your efforts.

Heil Hitler!

Sincerely yours,

(Sgd.) DR. RITTER.

¹ Not as such in original text.

AUGUST 26, 1942.

Re: *Group Employment of French Industrial Workers.* Your letter LT 5 En/Kr.—128997/42, of August 21, 1942.

To the DEPUTY COMMISSIONER IN CHARGE OF SPECIAL PROBLEMS IN THE FIELD OF CHEMICAL PRODUCTION.

128 Saarlandstr., Berlin W. 9.

(Attention Dr. Ritter.)

MY DEAR DR. RITTER: You can be convinced that General Director Frossard handles the question of sending workmen in closed units to works of the I. G. with just as much understanding as goodwill and one cannot doubt that there would be another company in France which is in the same way willing to solve the problem of sending workmen as the Francolor. In this sense Mr. Frossard expressed his readiness for collaboration opposite myself, Dr. ter Meer, and Dr. Ambros on the occasion of his visits to Frankfort and Ludwigshafen, respectively, at the beginning of July. He made arrangements, especially with Dr. Ambros, in regard to the execution of the individual details, and I shall, therefore, forward your letter to him and enclose a copy of my today's reply to you. [Dr. Ambros will handle this question directly¹] and presumably he will be able to submit to you rather accurate data in regard to the labor contingents which the Francolor works, will further be in a position to furnish. Those labor units are limited, which already arises from the fact that the Francolor plants—as far as they are situated in the occupied zone—are working to a large extent directly for the armament on the field of organic intermediates and that the production of dyestuffs, which exists today to a limited extent, serves more or less also for the armament, as it provides first the textiles etc., industries working in France for Germany's armament with such dyestuffs as we would otherwise have to produce in Germany from German raw materials while using in part, German labor.

Heil Hitler!

Very sincerely yours,

(Signed) V. SCHNITZLER.

EXHIBIT No. 52

STATEMENT BY DR. VON SCHNITZLER REGARDING THE FRENCH CHEMICAL INDUSTRY

The relations between the German and French chemical industries have always been somewhat closer than the relations between the other producing companies in the dyestuffs domain. In former statements, I reported of the technical help which the French dyestuffs industry, from the very beginning of its existence, desired to get from I. G.; the first contract between the Compagnie Generale des Matieres Colorantes, and the I. G., the so-called Gallus-Vertrag, signed in 1921, had its basis in the granting of a large scale technical equipment which I. G. had to furnish. The factories of Azo-dyes and their intermediates, in Oissel-Villers, are entirely built up on the plan gotten from Leverkusen and based on the model of Leverkusen.

The procedure for phthalic acid, an intermediate for vat dyes, as well as a component for lacquers, goes back to a license and to the know-how granted by Ludwigshafen. The Gallus-Vertrag became the victim of the Ruhr War. When in 1927, in connection with the Franco-German negotiations for a commercial treaty, a new scheme for further teamwork was elaborated and the idea of a cartel based on the reciprocal turnover first materialized, this time, again, it was provided that technical help should be granted whenever it was in the interest of both parties concerned. Hereby, it was understood that whenever the French group should be under-delivered, the I. G. would, among other measures to be taken on the commercial side, supply the French group with licenses on new products and eventually the necessary know-how, in order to help them break even again.

This special Franco-German agreement including technical help, remained in force during the whole time that the existence of the so-called four-party cartel agreement was in effect, which in itself had only commercial clauses, and purposes.

When Duchemin in November 1940, in Weisbaden, made the suggestion to renew the cartel agreement, he undoubtedly had this technical problem as its first aim in mind, and we ourselves in our counterproposals laid down in the memorandum of Weisbaden, took the same line, knowing that only by offering the

¹ Not as such in text.

technical teamwork, we would convince the French group to accept our proposals. In the Francolor agreement the clauses dealing with the technical help to be given, have always been considered by us as being the most important ones for the French group, notwithstanding the fact that the Francolor agreement had only been in force for a little more than two years, a substantial technical help particularly in the field of accessory products for textiles and for cleansing purposes materialized.

I am certain that the French industry would only be too glad to resume those cartel relations with I. G., and if this supposition of mine is right, I am ready to elaborate more fully the propositions which are adapted to the present situation.

G. VON SCHNITZLER.

FRANKFORT, *Sept. 5th, 1945.*

EXHIBIT No. 53

STATEMENT BY DR. VON SCHNITZLER ON NEGOTIATIONS WITH THE BRITISH AND THE FRENCH AUTHORITIES AND INDUSTRIES AFTER THE CONCLUSION OF THE VERSAILLES TREATY

When the World War I came to an end, the factories of I. G. on the borders of the Rhine were occupied and so-called control officers were appointed, who had the task not only to supervise that no products for an eventual warfare should be fabricated but endeavoured to study all processes in order to get full knowledge of the whole dyestuff, pharmaceutical, and nitrogen industry. It was a legalised "Werk-Spionage" of the highest degree. The men appointed by the British and French military authorities were chemists, partly employed by the state, partly by the private chemical companies of England and France. Dr. Bosch who at the time was the head of the Badische Anilin and Sodafabrik, was the first one, who in autumn 1919 started negotiations with the well-known French minister Loucheur for the construction of a factory of nitrogen after the so-called Haber-Bosch process near Toulouse.

Shortly afterwards negotiations with the French dyestuff industry represented by Mr. Frossard were inaugurated and lead to the conclusion of the so-called Gallus-Vertrag, which provided for a technical help in the whole dyestuff domain to be given by the I. G. firms. This help has been carried through under the leadership of Dr. Krekeler, first technical director of Leverkusen.

As a countervalue the French group paid a lump sum of I think some 6 million francs suisses, and had additionally to pay an annuity of 50% of their net profits for a very long period.

A third agreement was concluded on behalf of I. G. by Carl von Weinberg with the Reparation Commission by which the clauses of the Versailles treaty concerning the delivery of 25% of the current production in dyestuffs and nitrogene to the Allies as reparations in kind were substituted by the obligation of I. G. to supply the Allies at "most favoured prices" on reparation account. How successfully Mr. von Weinberg had dealt with that question became evident by the fact that instead of the theoretical 25% of the production upon which they theoretically had a right the Rep. Commission only has claimed 7% in the average of the years 1920-25.

Hand in hand with these 3 agreements the technical control in the factories was lifted and the officers of control disappeared; the control of the production became invisible in such way that it was limited to a mere supervision of prices:

On the verge of the year 1922-23 a change took place as the German government declares itself unable to continue the payment of reparations as it had done up to then and the so-called Ruhr war which lasted nearly 10 months brought a break into the fulfilment of the 3 before-mentioned agreements. During the year 1923 the Etablissements Kuhlmann got control over the Compagnie Générale des Matières Colorantes, which had signed the Gallus-Vertrag, and Kuhlmann refused to recognise the validity of the Gallus-Vertrag, when the Ruhr war was over. Thus the Gallus-Vertrag had only lasted for 2 years and no payments apart from the lump sum had been made as the French group pretended not to have made any profits during those 2 years. A state of tension between the two industries followed, which only was bridged after the conclusion of the cartel agreement in 1927. During the so-called Ruhr war it came again to an occupation of the factories of Hoechst and Ludwigshafen/Oppau by French troops and with the aid of Alsatian workmen great quantities of dyestuffs and nitrogen were taken away.

The factories came to a complete standstill which practically persisted the whole year. Only in November 1923 negotiations were started in Coblenz,

which resulted in a reprisal of the deliveries of dyestuffs and nitrogen as well as of the current production. These negotiations have been conducted in a moment of the extremest emergency, but it was doubtful if the Reich would recognize this agreement as valid, as it had been made at a time when the official obstruction was still going on. Fortunately for I. G. as well as for the negotiators, who acted under their own responsibility and did expose themselves to punishment by the authorities of the Reich—the Reich took over the financial obligations arising from the agreements of Coblenz and the agreements made formerly by Mr. von Weinberg was coupled with the treaties of Coblenz in such a way, that the last year of the reparations in kind—1924—passed without further incident. It will be remembered that the British government did not participate in the Ruhr war. Thus the factory of Leverkusen was neither occupied by British troops nor was the production of it hindered. Leverkusen could continue its business without interruption and even could send its goods unmolested through the French occupied Ruhr territory in the unoccupied Germany as well as into foreign countries.

At what precise date the British control of Leverkusen came to an end, I can't recollect, it had never been as sharp as the French one in Hoechst and Ludwigshafen. At all events it ceased with the readiness of the I. G. firms to conclude with the British Dyestuff Corporation a similar agreement as had been concluded with the French industry. The two industries came to terms but the British government refused its approval. Negotiations of the same kind were never renewed.

Only at the beginning of 1932—in the meantime Brit-Dyestuff Corp. had been absorbed by Imperial Chemical Industries—this latter Co. joined the so-called 3-party cartel in special cartel agreement, which was destined to last till 1968.

FRANKFURT, *Aug. 31st, 1945.*

(Signed) G. VON SCHNITZLER.

PS.—The chief reasons for the French group to conclude the Gallus-Vertrag consisted in their need for technical help as they were technically far behind I. G.

This technical inferiority in comparison with I. G. can up to now be considered as a motive for the French industry to renew commitments with I. G.

(Signed) G. v. S.

CHAPTER VI ¹

EXHIBIT No. 1

LETTER OF DR. VON SCHNITZLER, JUNE 24, 1940, ON PREPARATION OF PLANS FOR NEW ORDER IN WORLD CHEMICAL INDUSTRY

Dr. G. von Schnitzler

FRANKFORT ON THE MAIN 20, June 24, 1940.

To the Members of the Business Committee:

Director Dr. ter Meer, Frankfort on the Main 20.

Director Dr. von Knieriem, Ludwigshafen on the Rhine.

Ministerialrat A. D. (Ministerial Adviser, retired) Dr. Buhl, Frankfort on the Main 20.

Director Dr. Anderhub, Wiesbaden-Biebrich.

Director Bachmann, Knapsack near Cologne.

GENTLEMEN: On the 21st of this month, the Office of the Business Committee issued invitations for the next meeting of the Business Committee, which is to take place on June 28th and June 29th in Frankfort on the Main. A copy of the invitation is included for those gentlemen who are not members of the Business Committee and to whom I also extend my most cordial invitation to be present on the 28th of June. The main topic—Number 1 on our agenda—is the "Report on Economic Policy," which is the subject for the discussion of all problems affecting an economic policy, which have become acute because of the rapid development of military events in the west. The Reich Government has given definite orders to prepare in the shortest time possible a program containing our suggestions as to a new order comprising all European interests in the field of chemical products, which is to be incorporated into future peace treaties. The problem should be considered not only in regard to those countries with which Germany is at war, but also in regard to those which are allied with Germany or which have been neutral up to now. The problem, therefore, is by no means one dealing with the treatment to be accorded to England and France only, but the southeastern territory and Italy as well.

The above-mentioned gentlemen, ter Meer, von Knieriem and Buhl, have expressed their willingness to appear at this meeting. May I ask, in the name of Councillor Schmitz, that Messrs. Dr. Anderhub and Bachmann also be present. I should furthermore like to ask the managers of the other marketing organizations, with the exception of those of "Dyes" and "Chemicals," to advise their colleagues of the date of this meeting but to leave it up to them whether they want to participate or not.

Heil Hitler!

(S) G. VON SCHNITZLER.

EXHIBIT No. 2

LETTER FROM FARBEN TO REICH ECONOMIC MINISTRY, AUGUST 3, 1940, ON FARBEN'S NEW ORDER PLANS

Strictly confidential

I. G. FARBENINDUSTRIE AKTIENGESELLSCHAFT,
Unter den Linden 78, Berlin NW 7, August 3, 1940.

Ministerial Director Dr. SCHLOTTERER,
*Reich Economic Ministry,
43 Behrenstrasse, Berlin W. 8.*

MY DEAR MR. MINISTERIAL DIRECTOR: Pursuant to various discussions which we have had with you concerning the question of a possible formation of a European economic sphere, the appropriate board of our company has studied through what contributions we might facilitate the planning initiated by you, and to what extent we wish, in this connection, to make special suggestions and express requests concerning our own firm. As a result of these considerations, investigations and preliminary studies have been initiated, which are based on the following fundamental principle:

¹ Exhibit No. 8 is on file with the committee.

1. It is thought, basically, that in shaping a major economic sphere in Europe, planning for the chemical field is also required. The objective of such planning is:

(a) To insure economic independence of said sphere by securing ample supplies for its requirements;

(b) To regulate the productive forces of said sphere accordingly by planning rational utilization of the existing production facilities, and to adjust them to the present requirements and to foreseeable requirements of the future, in such a manner that particularly mismanagement of available manpower and capital may be avoided.

2. This major continental sphere will, upon conclusion of the war, have the task of organizing the exchange of goods with other major spheres and of competing with the productive forces of other major spheres in competitive markets—a task which includes more particularly the recovery and securing of world respect of the German chemical industry. In the observations and planning to be made in regard thereto, it is necessary to bear in mind especially the shifting and development trends in the international economic forces which resulted from the last war, such as may be seen more and more in the increased influence of the United States in Latin-America, of Japan in the Far East, and of Italy in Southeast Europe and the Near East.

3. Such a major spherical economy, designed for self-sufficiency and its planned position with respect to the remaining economic spheres of the world must, at once, give consideration to all the factors incident to the economic defense requirements of Greater Germany. These requirements must be viewed not only from the mere standpoint of furnishing imports which are important to economic defense, but also from the angle that interlocking interests, which have existed or may in the future exist between European countries in the German sphere of influence with countries outside of Europe and which may affect the latter's economic defense potential in the chemical field, should be so arranged as to do justice to the interests of Greater Germany. In this connection, thought is given to cartels, capital investments, and exchanges of experience.

The studies prepared on the basis of this fundamental principle, are divided into a "General Part" and a part which is arranged according to countries.

The "General Part" consists of a study of the situation in the international chemical market prior to the World War, of the situation which developed under the effects of the Versailles Peace Treaty in the years following the World War, and of a brief illustration of the situation of world economic forces which may be expected in the new order of the international chemical market.

The part which is arranged according to countries, includes primarily those countries with which negotiations concerning a fundamental new order may, in keeping with the military and political developments, be expected within a reasonable period of time under the armistice or peace terms, to wit:

- (a) France,
- (b) Holland,
- (c) Belgium/Luxembourg,
- (d) Norway,
- (e) Denmark,
- (f) England and Empire.¹

Expositions concerning Holland and the Protectorate are likewise being prepared on account of the basic decisions to be expected. Preparatory work has been started for the formation proper of a major European sphere as such including the Nordic and Southeast European sphere as well as Switzerland. The conclusion of said work depends, to a large extent, on concrete knowledge of the ultimate formation of said major sphere. The same applies to the studies already made of questions pertaining to the foreign trade of the chemical industry, within the framework of the major European sphere's relation to other major spheres. In working out the country studies, especially, the following points are taken into consideration even though general regulations encompassing the entire German industry may have to be expected for specific items:

- (a) Measures affecting the commercial policy, such as—
 - Tariffs.
 - Quotas.
 - Licenses.
 - Export regulations.
 - Certificates of origin and compulsory declarations.
 - Compulsory registration.

¹ Obviously the British Empire.

- (b) Measures affecting the foreign exchange and currency policy.
- (c) Questions bearing on the right of settlement, especially in regard to—
Business establishments.
Operating licenses.
- (d) Measures affecting the tax policy.
- (e) Questions bearing on patent and trade-mark law.
- (f) Industrialization tax—
Expansion of existing industries.
Establishment of new industries.
- (g) Treatment of foreign firms in Germany.
- (h) Questions resulting from hitherto internationally interlocked capital, and more particularly from the control system of the armament industry of the enemy in the chemical sector, and connections among such armament industries, as well as from future infiltration of German interests in line with the formation of a major sphere.
- (i) Questions regarding transfer of the main offices of international economic associations, unions, and institutions.
- (k) Supply of raw material and problems inherent thereto.

In view of the ample variety of material to be elaborated upon, and considering the intricacies of the problems to be worked out, some time will be required to take definitive stand to all the questions resulting from the above-mentioned arrangement. Since, on the other hand, a series of questions must be considered as being urgent, we believe to be acting also in accordance with your wishes in submitting first the "General Part" and our exposition on France, for the pending negotiations at Wiesbaden, while we shall transmit expositions of our position with respect to the other questions, individually, as they are completed.

In keeping with the above, we beg to hand you enclosed herewith:

1. The "General Part" referred to above.

Pursuant to a request formulated by the Reich Economic Ministry, a compilation has been added to said "General Part" covering direct damages sustained by I. G. in the form of its legal predecessors and syndicate companies as a result of the Peace Treaty of Versailles. A compilation of the direct and indirect war damages sustained from September 1, 1939, to the present, will gladly be made available to you upon request.

2. The position of I. G. Farben Industrie concerning the questions, resulting from the Franco-German relationship in the chemical field in regard to production and sales.

Our exposition on Holland will follow shortly.

Heil Hitler!

I. G. FARBENINDUSTRIE AKTIENGESELLSCHAFT,
(Signed) VON SCHNITZLER.
(Signed) KRÜGER.

P. S.—A letter worded like the above is being sent to the following: Ministerial Director Dr. Bergemann, Ministerial Director Dr. Mulert, Dr. Ungewitter/Chemical Industry Examining Office (En'voy) Hemmen, German Armistice Delegation.

(Pencilled footnote refers to a paper covering discussions with v. Schnitzler at Wiesbaden of August 9, 1940.)

EXHIBIT No. 3

NEUORDNUNG, (NEW ORDER) GENERAL

Strictly Confidential

General Part

The premise for a basic study of both the planning tasks of Greater Germany's chemical industry in the major European sphere and the incorporation of such a sphere into the world economy, is furnished by the realization that, in prewar years, the German chemical industry ranked readily first with respect to both the volume of absolute quantities and values of production and its position in the chemical foreign trade of the world, and that, by reason of the prewar development trends, coupled with its productive capacity, and scientific attainments, it was ready not only to maintain its outstanding position but also to improve it. The end of the World War with all its economic consequences suddenly interrupted this clear-cut development. Territorial changes, the industrialization of countries which were formerly customers of Germany, and measures which were

intentionally taken by the enemy countries against the German chemical industry, entailed shiftings of unusually great scope to the detriment of Germany.

The effects of said shiftings could be fully illustrated only if reliable and comparable data according to quantities and values for the prewar and postwar years were available on world production in the typical fields of production of inorganic and organic chemistry. Only on the strength of such production figures would it be possible to show to what extent the German chemical industry has lost ground as a result of the World War, and to what degree the adoption of domestic production in numerous countries has affected or prevented German exports. If, in the absence of such production statistics, attempts were made to illustrate the scope of these shiftings on the strength of figures of foreign trade statistics, a study based thereon would involve basic deficiencies, because as a result of the statistically not illustrated domestic production, the volume of world foreign trade in chemicals dropped necessarily from year to year as compared to prewar figures. In this connection, comparability is still further impaired by the fact that, on the other hand, an increasing number of new fields and products with their respective export values appear among export figures.

Nevertheless, a few considerations are given hereinafter, based on foreign commerce statistics:

Germany's export of chemicals in the last prewar year, i. e., 1913, amounted to 910,000,000 goldmarks.¹ On the other hand, for the year 1924, i. e. so to say the first normal year after peace was concluded, German exports of chemicals are shown amounting to 610,000,000 reichsmarks. Even though the considerable decrease in German chemical exports would be clearly revealed by a merely superficial comparison of these two figures (which show a decrease of Germany's participation in world foreign trade in chemicals (amounting to 2,730,000,000 goldmarks²) from approximately $\frac{1}{3}$ in 1913 to approximately $\frac{1}{6}$ in 1924 (world foreign trade in chemicals—3,150,000,000 goldmarks²), while, at the same time, American, French, Italian and Japanese shares [in said world trade] showed an increase), attention should be called to the fact that the real extent of the decrease of German exports of chemicals, as illustrated merely by the figures, does not in any way correspond to actual conditions. These figures do not show the loss resulting from the fact that—as already emphasized at the outset—major markets such as England, United States [and], Japan, which appeared as importing countries before the World War, have, to a large extent, become capable of supplying their home markets domestically. Thus, if the German share, as it appears for the initial postwar period, is to be considered too favorable because the total volume of foreign trade by which it is measured is relatively smaller than prior to the World War, this German share seems, on the other hand, to be too high also because actual German exports of the first few postwar years already include products which before the World War were of no or only of secondary importance in the German export values. Both factors made themselves increasingly felt in subsequent years. If, therefore, the figures for the years following 1924 show a certain renewed increase in Germany's participation in world foreign trade in chemicals—although the German share would never have been in a position to revert to the nominal prewar level—this development only seems to indicate a partial recovery of lost German positions. The actual development is much rather characterized by the fact that, despite all the measures which, in those years, were still directed against Germany, the German chemical industry succeeded to a certain extent in finding certain compensation for temporarily irreparable losses by effectively coordinating research and production, business initiative and politico-economic measures, as well as by improving old assortments, creating specialties and completely novel products, and by awakening new consumers' requirements.

For these reasons, the German share in the world's foreign trade in chemicals for 1938, which amounted to approximately one-fourth, appears favorable only at first glance, since it includes the German share in exports of such chemical products as, for instance nitrogenous fertilizers, which, showing approximately 53,000,000 Mk. as compared to approximately 36,000,000 Mk. for 1913, held, prior to the World War, a much smaller share in the chemical foreign trade on the basis of technical production and consumption. This structural change in the chemical foreign trade, and the greater difficulty resulting therefrom in regard to com-

¹ U. S. Manuscript of the Association for the Safeguarding of the Interests of Germany's Chemical Industry: "Survey of the Sphere of Activities as of the end of 1928" by Dr. Claus Ungewitter, page 219.

² Values computed on the basis of official statistics of the individual countries and converted into gold marks, excluding Chile.

parability of foreign trade figures, become even more evident when bearing in mind that Germany's total share of approximately one-fourth is partly to be ascribed to the fact that in the German exports for 1938, e. g., the item "pharmaceutical products" shows approximately 127,000,000 as compared to approximately 70,000,000 for 1913, and that the item "photo-chemical products" shows approximately 32,000,000 as compared to approximately 19,000,000 for 1913. In both of the latter fields the build-up amounts less to a recovery of the positions lost as a result of the World War, than to a typical demonstration of the fact that new fields of consumption have been created in whose development, guidance, and satisfaction the German chemical industry has played a prominent role.

If, on the other hand, we limit ourselves to considering the development of the German export share in the principal major spheres of the inorganic and organic chemical industry, which are comparable with prewar times, it becomes obvious that the loss sustained as a result of the last war has been a permanent one. This is clearly shown in the decrease of export values for "inorganic chemicals and wood carbonization products" from approximately 186,000,000 for 1913 to approximately 153,000,000 for 1938. The most marked and the heaviest loss which has been sustained by Germany lies, however, in the field of dyes and intermediate products.

Until the outbreak of the World War, organic aniline dyes were produced almost exclusively in Germany—quantitatively 82% of the total world production. Germany's actual position in the world's dyestuff production is, however, not fully expressed by the share of 82%, because the German dyestuff factories were forced by France, England, and Russia, through corresponding patent and customs legislation, to conduct part of their production in those countries. This was accomplished through the establishment of branch factories the production of which amounted, for 1913, to approximately 6% of world production. Germany's share in the world's dyestuff business amounted thus to almost 90%.

The dyestuff industry of Switzerland, which is practically as old as the German dyestuff industry, produced only 6% of world production.

Smaller well-established dyestuff plants existed prior to the World War, only in France, England, and the United States. Minor production activities which, in addition thereto, were in progress in a few countries, were practically of no importance.

The internal structure of dyestuff production which existed outside of Germany prior to the World War, was almost exclusively dependent on Germany's supplying the basic and organic intermediate products required therefor.

The world picture for 1913 appears as follows:

	Dyestuff production in tons	Percent of total
Germany.....	127,000	=82
German branch factories abroad.....	10,000	=6
France.....	2,000	=1
England.....	5,000	=3
Switzerland.....	10,000	=6
U. S. A.....	3,000	=2
Total.....	157,000	=100

= Mk. 350-400,000,000.

World exports in aniline dyes amounted for the same year, to:

	In tons	In millions of Mk	Percent
From Germany.....	109,000	218	=90.5
From Switzerland.....	9,000	23	=9.5
Total.....	118,000	241	=100

In the field of organic intermediate products for the production of aniline dyes, Germany exported in 1913:

[To:]	Tons	In thousands of Mk.
France.....	1,087	1,151
England.....	421	721
Switzerland.....	4,191	4,298
U. S. A.....	3,420	3,130
Poland/Russia.....	746	962
Total.....	9,865	10,262

The large consumer countries were offered a welcome opportunity by the World War to proceed against Germany's leading position. In this connection, England alleged as a reason therefor that the foundation of every chemical war industry could be found in the organic dyestuff production. Thus, "national" dyestuff industries sprang into existence in a series of countries. From the start, these efforts received governmental support through the furnishing of funds at the time of foundation, or through current subsidies. Upon conclusion of the World War, considerable protection was provided through import prohibitions and prohibitive import duties. This protection became even more effective as a result of the anti-German attitude of the consumers which was constantly encouraged.

This new "national" production in the field of dyestuffs, and the measures which were taken to build up and maintain the same, and which were partly anchored in the provisions of the Versailles Peace Treaty, led to the alteration of Germany's share in the supplying of world requirements of dyestuffs and in the world foreign trade in dyestuffs, as illustrated, in detail, in Appendices I and II.

It is thus shown that, as a result of the development of "national" dyestuff industries in many parts of the world, German commerce supplied, in 1938, only about 27% (quantitatively) and approximately 40% (according to value) of the world requirements which amounted to approximately 700,000,000 Mk., as compared to approximately 90% for 1913, and that the German exports of 218,000,000 Mk. (=90% of world exports) for 1913 dropped to 126,000,000 Mk. (=55% of world exports). On the other hand, based on her prewar share of approximately 90%, Germany might, theoretically speaking, have had a share of approximately 495,000,000 Mk. in the foreign consumption which, for 1938, amounted to approximately 550,000,000 Mk.

Exports in intermediate products for the production of aniline dyes dropped from approximately 10,000,000 Mk. to approximately 4,000,000 Mk.

The various countries, no doubt, even without the World War, would eventually have proceeded with the production of dyestuffs. Today's extent of non-German production, however, is distinctly the result of the political and politico-economic forces which have been directed against Germany for the last 20 years. The effect of this development goes beyond the field of dyes, because dye chemistry furnished the basis for additional production in the field of organic chemistry such as, particularly, in the fields of auxiliary products for dyeing purposes and auxiliary textile products, pharmaceutical products, vulcanization accelerators, solvents, varnishes, synthetic products, and the like.

The foregoing considerations regarding prewar and postwar situations may, insofar as their ultimate effect is concerned, be summarized by stating that, as a result of the World War, the leading position of Germany's chemical industry in world production and world foreign trade has, in the pertinent fields of large-scale production, resulted in a condition which is characterized by the obstinate defense of the keenly contested markets, against the growing competition of new foreign producers of chemicals who, due to direct or indirect governmental aid, enjoy a more favorable position. The direct damage caused to Germany's chemical industry as a result of the World War, is unproportionately greater than the direct losses of material and other assets of I. G. alone, which, e. g. in the case of seized German claims and stocks, sequestered branch factories, etc., can be expressed by figures. (For a compilation of direct damages, see Appendix.³)

³ See p. 9, *infra*.

It will no doubt be impossible to resume where we left off at the outbreak of the World War. Neither can we reduce to its original state, the economic development which in the last twenty years has taken place in the various countries or areas to the detriment of Germany. It will be necessary, therefore, to a certain extent, to accept the deterioration of the German position in comparison with 1914 as being irreparable. It will, however, appear all the more justifiable in planning a major European spherical economy, again to reserve a leading position for German chemical industry commensurate with its technical, economic, and scientific rank. The decisive factor, however, in all planning relative to this European sphere will be the necessity of securing determined and effective leadership in the discussions which must necessarily be conducted with the other major spherical economies outside of Europe, the contours of which are already distinctly drawn at this time.

In order to guarantee that the chemical industry of Greater Germany and the European Continent can assert itself in such discussions, it is urgently required clearly to appreciate the forces which, in the world market, will be of decisive importance after the war.⁴ Their importance is briefly sketched hereinafter:

1. The principal weight of the discussions bearing on a new arrangement of the world market will rest on the relationship with the *North American* concerns. Forced away from European business for reasons which were effective already prior to the war and which will become increasingly effective after the war, the Americans will do everything within their power to maintain and promote the development of their exports of chemicals, which, during the war, they were able to send to countries other than European. In this connection, appears in the foreground the Latin-American market, the importance of which must be measured not only by the economic volume of prewar sales, but also from the standpoint of economic development possibilities and trends which that part of the American Continent offers in the future. Efforts made by the Americans in the prewar period to increase their sales in the Latin-American markets were largely hampered by difficulties arising from commercial policies, inasmuch as the United States was not in a position to liquidate the credits, accruing to her from exports to these countries, by sufficient purchases from the latter, and inasmuch as said countries, on the other hand, did not have at their disposal sufficient amounts of free foreign exchange to overcome the barrier standing between the balance of payments and the balance of trade. It must be expected, however, that, as a result of war developments, there will be a change in the relationships between the United States of America and the principal countries of the Latin-American Continent and that said change may readily facilitate the position of the American competitors. This applies not only to the field of chemicals. The strengthening of Pan-Americanism will coincide with the effects of the fact that England will now completely lose her role as financier of the Latin-American countries, which was affected quite adversely already after the last war, and that the United States of America will take her place. As a result of increased influx of American capital, Latin-America not only can, but probably will have to buy more in the United States. It will, therefore, depend on the degree of order or disorder of the European economic sphere and on the creation of a determined commercial policy, in how far and at what pace Europe, and more particularly Germany, will be able to rebuild, maintain, and develop its position as a regular "trade partner" in the Latin-American Continent. To a certain extent, the statements made with respect to Latin-America might also apply to Canada.

The field, second in importance in the discussions with the United States, will be the countries of the Far East including what is today known as British India and the Dutch [East] Indies.

2. The discussions with the Americans with respect to the Far East will largely center around the fact that, concerning the same sphere, it must be decided in how far the European position can, in respect of *Japan*, be maintained in the Far East. The weakening of Japanese forces as a result of the Chinese conflict which is still in progress today, may offer trade-political and other opportunities for slowing up or temporarily deferring the crystallization of the economic hegemony which Japan has striven after within the sphere of the countries bordering on the Pacific Ocean. In the long run, however, it must be expected that heavier pressure upon the European economic interests in the Far East will be brought to

⁴ The important question bearing on the trend of England's chemical industry in relation to the chemical industry of the European Continent, and the equally significant question of the future position of Switzerland's chemical industry within the major continental sphere, will be discussed within the framework of country studies, as soon as political conditions allow of a more concrete exposition.

bear by Japan—possibly also in connection with the effects of a new era of industrialization in China—rather than by the U. S. A. Probably it is not wrong, therefore, to recognize the future trend of East Asiatic trade policy in the difficulties which are today already being encountered, for example, in connection with imports into Manchukuo, Japan, and Northern China.

3. It is impossible thus far to take a clear-cut stand with respect to the problem of *Italy's chemical industry*, since the possibilities of constituting a major Italian sphere cannot as yet be envisaged in detail. On account of the particular difficulties, however, which no doubt will arise in connection with a major Italian sphere and in view of the expansionist efforts of Italy in Southeast Europe and Latin-America, which can already be felt at this time, it is necessary to emphasize already at present that it will hardly be possible, considering the general relationship between Germany and Italy, which may be expected for the period following the conclusion of the war, to negotiate with Italy on the basis of the status quo of times prior to the outbreak of war, unless, instead of seeking increased exports, it is primarily desired to secure a greater share in the supplying of the domestic market.

4. A similar special exposition is likewise being taken into consideration for *Russia*, which, in this connection should be mentioned as a factor which, if the political conditions remain as they are, is capable of influencing and disturbing the discussions between the European chemical industry and the remaining major spheres.

In evaluating the power relationships described under 1 to 4 and their bearing on the plans to be made, one point which generally affects the economic spheres outside of Europe may not be disregarded. The present war has again started a wave of industrialization in countries outside of Europe. This development not only has a bearing on chemical production directly in the form of new or expanding chemical production centers in countries outside of Europe which will affect German and/or European chemical exports, but will, in addition, make itself felt through industries which, with a reasonable period of time, will still spring into existence in those areas which will manufacture such finished products as have until now been imported from Europe, and which will have ample need of chemicals for such manufacture.⁶ The requirements for chemicals which for these purposes are increasing in countries outside of Europe, however, cannot be taken advantage of fully, or at least not at the same prices, because they will be subject to greater competition, particularly by the Americans and Japanese or even by new national producers of chemicals.

The extent and effects of this industrialization wave are being heightened by the fact that European flight capital in such non-European markets, particularly in South America, is seeking investment opportunities, and that such investments are partly supported by [patented] processes as well as by personal and material experiences which have been taken along.

The above outlines are indicative of the extent and importance of the shifting which, as a result of the World War, took place to the detriment of Germany's chemical industry. In addition to the review of past events, there is an illustration of the forces which after the war will have to be faced in serious discussions not only by Germany's chemical industry, but, in the final analysis, by the chemical industry of the European Continent. Both review and outlook show that it is necessary to direct all planning toward a successful conclusion of these discussions, and that diverging interests in European industrial countries which can be influenced politico-economically by Greater Germany, must, to this end, be subordinated to said objective.

This trend of thought is the guiding principle and decisive factor on which we are basing our expositions and suggestions with respect to the individual countries.

⁶ (Translator's note: This sentence appears to be incomplete in the German text.)

[APPENDIX]

Compilation of direct damages sustained by IG in the form of its legal predecessors as a result of the armistice conditions of November 11, 1918, the provisions of the Peace Treaty of Versailles and the conflict of the Ruhr

[In thousands of Reichsmark]

	France	Belgium	England and Dominions	Russia	Various countries not specified	Total
(1) Branch factories and sales agencies ¹	23, 674	1, 466	16, 580	28, 711	3, 697	174, 128
(2) Securities ²	5, 955	-----	3, 076	-----	-----	19, 031
(3) Stocks, claims, notes ²	1, 245	539	11, 493	3, 610	4, 908	21, 795
(4) Outstanding claims against customers in enemy countries which were reported to the Reich Compensation Office (Reichsausgleichsamt).....	1, 876	507	6, 742	18, 833	-----	27, 958
Total.....	32, 750	2, 512	37, 891	51, 154	8, 605	132, 912
(5) Loss of exchange and interest on reparation—and other deliveries of dyestuffs as per letter sent from Frankfurt/M to the Delegate of the German Accounting Office to the Reichskommissariat for reparation deliveries, Berlin, under date of September 21st, 1926.....	-----	-----	-----	-----	-----	70, 000
Total.....	-----	-----	-----	-----	-----	202, 912

¹ Documents and vouchers of:

(1) *Badische Anilin- & Soda-Fabrik, Ludwigshafen*.—Schlussentschädigungsbescheid (final indemnification notice) v. 17.4.1934, Akt IV D, Vergl. 4349 und v. 4.1.35 Akt E 2, VA Ea 65 263 IV des Landesfinanzamts Berlin als Abwicklungsstelle der Restverwaltung für Reichsaufgaben.

(2) *Farbenfabriken vorm. Friedr. Bayer & Co., Leverkusen*.—Schlussentschädigungsbescheid (final indemnification notice) d. Reichsentschädigungsamts Berlin f. Kriegsschäden v. 30.11.1929 Akt IV D, Vergl. 4302, Abt. III D und v. 9.9.1929 Abt. C I Gruppe für Wertpapiere.

(3) *Farbwerke vorm. Meister Lucius & Brüning, Höchst a. M.*.—Schlussentschädigungsbescheid (final indemnification notice) v. 29.9.1932 Akt IV D, Verl. 4038 der Restverwaltung f. Reichsaufgaben, Berlin.

(4) *Leopold Cassella & Co. GmbH, Frankfurt a. M.*.—Schlussentschädigungsbescheid (final indemnification notice) v. 10.1.1933 IV B, Vergl. 10633 und v. 25.3.1931, E, III/IV B 10633 des Reichsentschädigungsamtes für Kriegsschaden, Berlin.

(5) *Aktiengesellschaft für Anilinfabrikation, Berlin*.—Schlussentschädigungsbescheid (final indemnification notice) v. 24.9.1930 Akt. IV D, Vergl. 16186 d. Reichsentschädigungsamts f. Kriegsschäden, Berlin.

(6) *Chemische Fabrik Griesheim-Elektron, Frankfurt, a. M.*.—Schlussentschädigungsbescheid (final indemnification notice) v. 14.10.1931 Akt IV D, Vergl. 4645 der Restverwaltung für Reichsaufgaben.

(7) *Chemische Fabriken vorm. Weiler-ter Meer, Uerdingen*.—Schlussentschädigungsbescheid (final indemnification notice) v. 17.7.1930 Abt. E, Akt. IV D Vergl. 9349 d. Reichsentschädigungsamts f. Kriegsschäden, Berlin.

(8) *Kalle & Co., Biebrich*.—Schlussentschädigungsbescheid (final indemnification notice) v. 20.6.1929 Akt IV D, Vergl. 9330 d. Reichsentschädigungsamts f. Kriegsschäden, Berlin.

(9) *Wülfig, Dahl & Co., Barmen*.—Schlussentschädigungsbescheid (final indemnification notice) v. 5.9.1929 Akt II 6A (S) 803 Dad. d. Reichsentschädigungsamts f. Kriegsschäden, Berlin.

² In [foreign] enemy countries.

³ (10) Schadensanmeldung für "Aussonderungen" beim Reichsausgleichsamt, Berlin, laut unseren Büchern. (Damage claim for "unpaid balances" submitted to the Compensation Office in Berlin in accordance with our books.)

The damages acknowledged by the appropriate official agencies therefore amount to a total of approximately Mk. 133,000,000 to which must be added the 70,000,000 Mk. reported as losses of exchange and interest on reparation and other deliveries of dyestuffs. The approximate amount of Mk. 203,000,000, however, comprises only part of the direct damages sustained by German national economy, because there are a series of major damage items which, at that time, were not reported to either the Reich Indemnification Office or the Reich Compensation Office. In this connection, especially the following items are involved:

(a) Loss in export values as a result of the computation prescribed by the Versailles Treaty for reparation deliveries at the lowest world market price instead of the normal export price.

(b) Damages resulting from months of paralyzation of the plants in Western Germany during the time of occupation and the Ruhr action.

(c) Sanction damages during the conflict of the Ruhr due to collection of duties between the occupied and unoccupied zones.

(d) Confiscation and expropriation of patents and trademarks, through the enforcement of low rates of compensation for compulsory and other licenses, and through depreciation of the agreed equivalent as a result of currency depreciation.

The effects which the damages, referred to under items (a) to (d) have had on German economy can, of course, not be measured accurately. Their extent, however, exceeds several times the amount on which compensation for damages was based at that time. Thus, for example, an amount of Mk. 126,000,000 accrues from item (a) alone.

EXHIBIT No. 4

NEUORDNUNG (NEW ORDER) FOR FRANCE

These considerations are based on the fact that, as a result of the industrialization which began in all major states upon the conclusion of the World War, the chemical industry in France also underwent a certain development, the retrogression of which cannot possibly be the last objective in a European new order. In contrast to the great chemical industries of the remaining principal industrial countries of the world [i. e.], Germany, U. S. A., England, the French chemical industry was, however, directed in the first place toward supplying the needs of the domestic market, and has made itself felt, in export only in a few fields and even in the latter frequently rather for reasons for prestige than for considerations of economic necessity. Its technical status, viewed from a general cross-sectional standpoint, was also far from being able to meet the requirements of the highly developed domestic standard in France. Regular import requirements were and remained considerable. If, as a result of political and monetary developments, they were reduced in recent years, such reduction did not correspond to the real economic situation. As a matter of basic principle, therefore, we are of the opinion that the French chemical industry should retain its own existence in the coming new order, but that the artificial barriers which have been erected against German imports by means of excessive import duties, quotas and the like, should be removed. It will likewise be necessary to base ourselves on the premise that, in general, exports of the French chemical industry should be maintained only by way of exception and insofar as they had already formally been established, i. e. prior to the beginning of the world economic crisis, and that French activities should consequently be restricted to the French domestic market. In our following considerations we have been guided by the desire to draw up a program designed to ascertain how, on the basis of economically reasonable viewpoints, an economic optimum could be attained through collaboration between German and French chemical industries. In the Franco-German trade treaty of August, 1927 a plank was created for German imports into France which, in general, offered prospects for a successful and economically purposeful activity in France. Due to the fact that said trade treaty, as time went on, became subject to limitations which were opposed to the original objectives provided therein, a condition was created in recent years which actually excluding activities of the German chemical industry in the French market which would have been commensurate, with both the status of German technique and the French consumers' requirements. For purposes of the new order, therefore, we must base ourselves not on the status quo of imports of the last few years preceding the beginning of the war, but on the period which immediately followed the conclusion of the Franco-German trade treaty, in which the volume of German exports of chemicals to France, according to French import statistics, attained an amount of up to 80 million RM. annually. On the other hand, French exports should be limited to such material and sales fields which correspond to the natural status that has been established for decades and was attained by the time referred to above of the world economic crisis. French exports which, particularly in the last few years prior to the war, were made to all different parts of the world such as primarily to Southeast Europe, Scandinavia and South America for purely prestige political reasons, should be discontinued as being uneconomical.

Before making suggestions, within the meaning of the preceding exposition, it appears advisable to furnish, for the individual fields of sales, an historic review of the status and development before and after the World War.

I. DEVELOPMENT AND STATUS OF THE FRENCH CHEMICAL INDUSTRY, WITH PARTICULAR EMPHASIS ON GERMAN EXPORT INTERESTS, ARRANGED BY FIELDS OF SALES

1. *Dyestuffs, Auxiliary Products for Dyeing Purposes, Auxiliary Textile Products.*—The only independent "national" producers of dyestuffs prior to the World War were the following firms:

Societe Anonyme des Matieres Colorantes et Produits Chimiques
Produits Chimiques de St. Denis (formerly Poirrier),

and—

Etablissements Steinber, Vernon,
which supplied approximately 10% of the French consumption of dyestuffs.

The "Gesellschaft für Chemische Industrie" at Basle had a branch factory at St. Fons. J. R. Geigy A. G., Basle, likewise had a branch factory at Maromme.¹

The branch factories of German dyestuff producers which were established prior to the World War under the influence of French patent law and the import duty of Frs. 1.00 per kilogram (=0.81 Mark), to wit:

Succursale de la Badische Anilin- & Soda-Fabrik, Neuville s/Saone (Ludwigshafen),

Societe Anonyme des Produits Chimiques Fredr. Bayer & Co., Flers (Nord) (Leverkusen),

Compagnie Parisienne de Couleurs d'Aniline, Creil (Oise) (Höchst),

Manufactur Lyonnaise de Matieres Colorantes (Usine la Mouche), Lyon (Rhône) (Cassella)

Succursale Francaise de l'Aktiengesellschaft für Anilinfabrikation, St. Fons (Agfa, Berlin)

Societe Anonyme des Etablissements Weiller-ter Meer, Tourcoing (Uerdingen). were taken away from Germany during the World War and placed at the disposal of French industry. Due to this fact, not only the plants but also the technical and commercial knowledge of the employees so taken over passed into the hands of the enemy.

The patent and trade-mark assets of the German dyestuff industry were utilized by the French national industry.

After the World War, German imports were subject to the general tariff rates which amounted to four times the minimum tariff rates and were therefore prohibitive for dyestuffs. In addition, imports were subject to licenses. The dyestuffs which were needed for purposes of increasing their own productive capacity were acquired from Germany principally duty free on the strength of Appendix VI of the Versailles Peace Treaty and at preferred prices. On each shipment outside of the framework of reparations, the French Treasury collected from the French buyer 26% of the amount of the invoice as a reparation levy.

A law governing licensing of imports of dyestuffs was promulgated in 1938.

The French dyestuff industry under French ownership consists today of the following firms:

- (1) Compagnie Nationale de Matieres Colorantes et Manufactures de Produits Chimiques du Nord reunies Etablissements Kuhlmann, Paris.
- (2) Societe Anonyme des Matieres Colorantes & Produits Chimiques de Saint-Denis, Paris.
- (3) Compagnie Francaise de Produits Chimiques et Matieres Colorantes de Saint-Clair-du-Rhône, Paris.
- (4) Societe des Produits Chimiques et Matieres Colorantes de Mulhouse, Paris.
- (5) Etablissements Steiner, Vernon.
- (6) Societe Anonyme pour l'Industrie Chimique, Mulhouse-Dornach.
- (7) Mabboux & Camell, Lyon.
- (8) Societe des Matieres Colorantes de Croix-Wasquehal (Burel), Roubaix.
- (9) Prolor, St. Die.

The firms 1 to 6 are interconnected by capital and united through the "Centrale des Matieres Colorantes, Paris." The firms 7 to 9 are controlled by the Centrale des Matieres Colorantes.²

These firms, with the exception of Soc. An. des Matieres Colorantes & Produits Chimiques de St. Denis and Etabl. Steiner, Vernon, which were already in existence prior to the World War, are based *exclusively* on the potential [output] of the

¹ This paragraph was crossed out in pencil in the German document, obviously for omission.

² In addition there is, at St. Fons near Lyon, the firm Societe pour l'Industrie Chimique a Bale, Usine Succursales a St. Fons, which belongs to the I. G. of Basle.

above-mentioned branches of German dye plants in France. Today they are either still operating the old plants (St. Clair-du-Rhone/La Mouche) or have erected new plants in the immediate neighborhood of former German plants in which are concentrated the industrial operations which, prior to the World War, were distributed among several factories. The latter applies particularly in the case of the largest of the French dyestuff companies—which was merged with the Compagnie Nationale de Matieres Colorantes et Manufactures de Produits Chimiques du Nord reunies, Etablissements Kuhlmann—namely the Compagnie Nationale des Matieres Colorantes, the main plant of which was newly erected at Villers-St. Paul (Oise) diagonally across from the former Höchst factory i. e. Societe Parisienne de Couleurs d'aniline, which is now in ruins.

Under pressure of the French authorities controlling the German factories, and in order to make an end to the work espionage conducted there, the German dyestuff factories concluded, at the end of 1920, an agreement for 45 years with the last-mentioned Compagnie Nationale, pursuant to which said Comp. Nationale had to pay, as a consideration for technical assistance to be furnished, an amount of 16½ million French francs in cash—equivalent to approximately 5.5 million GM—and one-half of its net profits until December 31, 1965. The nonrecurring³ cash amount was paid in part.⁴ A share in the profits, however, was never paid since in the course of the two years during which this agreement was enforced, said French company showed no profits.

During the Ruhr conflict the Comp. Nationale was absorbed by the above-mentioned Etabl. Kuhlmann. The latter stated that they did not consider themselves bound by said agreement and cancelled the same unilaterally in 1924. In view of the powerlessness of Germany at that time, it was necessary to refrain from legal prosecution of this case. Such breach of contract was all the more unheard of as, in the two years during which the agreement was in force, the⁵ plants of the Comp. Nationale were completely reequipped with our most valuable⁶ processes and experience⁷ as a result of technical consultation under the direction of director Dr. Krekeler, the former first technical manager of Leverkusen.

In view of the close technical and personal connections between Kuhlmann and St. Denis—Kuhlmann holds a major interest in St. Denis and has several representatives on the latter's board of directors—St. Denis benefited to a large extent by the technical services which Kuhlmann received.

As a consequence of the above happenings. German dyestuffs in France were finally almost completely pushed into the background, and in the Franco-German trade treaty of 1927, Germany had to be satisfied with an import quota of 5 million GM, which also included auxiliary products for dyeing purposes. In addition, a considerable burden continued in force on account of the customs tariff. In comparison therewith, the sales of dyestuffs in France and her colonies amounted, for the same year, to a total of 48.5 million Mk., of which approximately two-thirds were supplied by the "national" dyestuff industry and approximately 25% by Swiss production centers and through imports from Switzerland. Thus Germany's share in the dye stuff supplies for French consumption dropped from approximately 90% for 1913 (turn-over approximately 22 million Goldmarks)⁸ to approximately 9% for 1927. In this connection particular attention should be devoted to the fact that Alsace Lorraine with its highly developed dyestuff consuming industry and approximately two million inhabitants fell to the French domestic market.⁹ Besides dominating the French market to a large extent, the French dyestuff industry began devoting itself more and more to exports. As a result of these efforts the German dyestuff volume in foreign trade suffered considerably not so much through the loss of customers—the German dyestuff industry competed with all its might against the French dyestuff industry—but much rather due to the fact that, as a result of French underbidding, the German export price structure suffered on a large scale.

After years of stiffest competition which insofar as German industry was concerned, could not be conducted in the French market on account of discriminatory treatment of German imports, and had therefore to take place in the world market, a cartel agreement for market control was brought about in 1927 in line with the Franco-German trade negotiations referred to above. Said cartel agreement

³ The word "nonrecurring" is crossed out in pencil in the German text.

⁴ "In part" is inserted in pencil in the German text.

⁵ Originally: "all the" but "all" has been deleted in pencil from the German text.

⁶ "Most valuable" has been inserted in pencil in the German text.

⁷ This sentence has been amended in pencil in the German text to include "within the framework of dye stuff production." The pencil insertion, however, is not readily legible.

⁸ This parenthetical insertion has been deleted in pencil in the German text.

⁹ This sentence has likewise been crossed out in pencil in the German text.

was designed to eliminate competition between the German group and the French group, and largely attained this objective although German industry had to sacrifice essentially its activities in the French market, and was obliged to honor the export volume which, in the competitive struggle, had been reached by the French, and which centered around 10 million R.M.¹⁰ annually during the last few years.

No amends, however, have ever been made for this dual injustice of 1918 and 1923/24.

2. *Chemicals*.—Prior to the World War, the French chemical industry supplied the demand of its own country and its colonies. Only the surplus production was exported. Together with the known stiffening of the French trade policy in the form of an extraordinary tariff and quota system; with further increased difficulty of the import by enforcing labeling of the country of origin; with the increased difficulty of obtaining the right of domicile; with discrimination by propaganda in favor of the national industry; an effort was made to force the export of French chemicals above its former quota under any circumstances. Besides the general impairment of German exports resulting therefrom, the insufficient knowledge of the market situation led to considerable reduction in prices which unfavorably influenced the German export interests on third [neutral] markets.

3. *Pharmaceutical products, dental products, insecticides and veterinary-medical products*—“Bayer” products—*Sera and vaccines Behringwerke*.—Prior to the World War there were in France seven important producers of pharmaceutical specialties and pharmaceutical chemicals, viz.:

Societe Chimiques des Usines du Rhone, Paris,¹¹
 Etablissements Poulenc-Freres, Paris,¹¹
 Laboratoires Clin, Comar & Cie., Paris,
 Laboratoires Midy, Paris,
 Etablissements Byla, Paris,
 Etablissements Chatelain, Courbevoie (Seine),
 Institut Pasteur, Paris.

There were besides a number of medium and small producers of only local importance. Their total production did not cover France's requirements in pharmaceutical products. Only special products were exported and those were manufactured by the seven above-mentioned producers.

The volume of the sales to France, the French colonies, and the French protectorate in the years before the World War of the firms which later were fused into the I. G. Combine, amounted to approximately 1.5 million. The Commercial Treaty of August 17, 1927, made possible the exportation of our products again, which resulted finally in limited sales in the years after 1927, and which amounted to approximately R.M. 600,000 in 1939. While the average yearly export to France before the World War was approximately 6% of the total export of the aforementioned I. G. firms, exports in the amount of R.M. 600,000 in the year 1929 represented less than 1% of the total exports of “Bayer.” While the total export in 1939 increased 2½ times, the sales to France dropped to 40% of the sales before the World War.

This development is the result of the very difficult and unfavorable circumstances prevailing during the years after the war and caused by the dictates of Versailles. The forced exclusion of all German pharmaceutical products from the French market for almost 15 years, the confiscation of German trade-marks, the exploitation of German ideas [“mental property”], as well as the chauvinistic attitude which existed after the World War and which has been encouraged by the authorities and used by all concerned for their purposes, led to an extraordinary development of the pharmaceutical industry in France. Therefore it was possible for France to supply the domestic market from its own production. Furthermore, for reasons explained in the preamble, purely economic export interests were added, which led to an impetus on the international markets. Backed by their strong home market, the French firms showed great activity on the markets of almost every country of the world. This resulted in underbidding, by which German exporters lost valuable markets to the French. In any case, the German export proceeds were considerably reduced.

An examination of the products put on the market by the French industry after 1914 revealed that most of the products were plagiarisms of German original

¹⁰ Originally: 11 million R.M. but subsequently corrected in pencil in the German text.

¹¹ These two firms were merged in June 26, 1928, and have since operated under the name of Societe des Usines Chimiques Rhone-Poulenc, Paris.

preparations.¹² No legal steps could be taken against marketing of the French plagiarized products, which in most cases were undeniable infringements of the German patent law because France has no protection by patents for pharmaceutical products, a condition which in the future should be abolished as a matter of principle, in accordance with our proposal laid down elsewhere. Only in a few exceptional cases the French industry came out with its own inventions and discoveries. The above-mentioned general development since 1914 and 1918, respectively, appears further marked by the following facts:

By the law of November 7, 1919, German pharmaceutical products could be imported to France by special license only. This regulation was enforced in respect to German preparations only. This measure in conjunction with the application of the maximum tariff, i. e., four times the said basic tariff rates, completely stopped the importation of German pharmaceutical products until 1927. The same applies to the French colonies, its protectorates, and mandates for approximately the same period. The conclusion of the German-French commercial treaty of August 17, 1927, eliminated these difficulties. However, the absence of our product from the French market for a period of fourteen years, together with the development of the French pharmaceutical industry during this time, restricted our business in France considerably until the present time.

The sale was made still more difficult by the high custom rate on imports, which had a protective character and amounted to 15% of the retail price for pharmaceutical specialities, which amounts to an additional 35% on the tariff-free value.

Their regulations concerning the import of sera and vaccine as stipulated by the French law of April 25, 1895 and the amendment of June 14, 1934, respectively (published in "Journal Officiel" of June 22, 1934) made the import and distribution of German serum-bacteriological products practically impossible and were issued only for the purpose of protecting the whole industry. Repeated complaints during the negotiations concerning the German-French Commercial Treaty were to no avail, notwithstanding a conciliatory attitude on the part of the Germans. Although there were no difficulties with respect to the import of special veterinary preparations, veterinary sera and vaccines, an improvement in the business of this branch was possible only to a limited extent. The reason for this may be seen in the fact that 95% of the French veterinarians are organized in an association (Syndicat National des Veterinaires de France et des Colonies), which is pledged to buy only from recognized French veterinary firms. As compensation, these firms attached a valu-stamp to each of their products and paid the equivalent of these stamps into the old-age pension fund of the French Veterinary Association. It is practically impossible for us to be included in the ring of these French veterinary firms.

Imports in the entire line of opotherapeutical products for parenteral injection, which achieved importance during the last few years were severely hampered. Domestic products also had to be registered but licenses were granted without restriction, while it took years of endeavor to obtain admission for any of our products.

A further difficulty was the necessity of labeling the greater part of the important advertising material (Imprime en Allemagne), as provided by customs law.

The discriminations against German preparations in the placing of orders by the French Government, municipal or other authorities was a further disadvantage in the sale of our products.

The establishing of agencies in France met with considerable difficulties. Tax regulations and labor laws made it almost impossible to build up well organized agencies to represent our interests.

The condition with respect to trade-marks proved to be particularly disadvantageous to our business. The relinquishing of our trade-marks, stipulated by the dictates of Versailles, together with the impossibility of taking legal action against infringements of our trade-mark rights until 1928, resulted in considerable damages. For instance the trade-mark "Aspirin," granted to us, was used in France by eight companies.

We suffered heavy losses, particularly in business prospects, because of the lack of a patent law. For instance, we were compelled to conclude license agreements

¹² "What was to become of the expensive plants, which were built to manufacture the products invented by the Germans and which had hardly been paid for?" "Generally speaking, it is of no importance whether the manufacturing process was patented or not. If we consider only the French confirmation and those countries in which German industry was not able to obtain patents, we have the possibility based on our law of utilizing the manufacturing processes invented by the Germans and it would be ridiculous on our part not to take advantage of the legal conditions." From a lecture by Professor Fournau held on April 17, 1915, before the Society for the Promotion of National Industry in "England's Commercial War and the Chemical Industry." Prof. Dr. E. Hesse and Prof. Dr. H. Grossmann, Stuttgart, 1917. ■

with various companies in France concerning such valuable products as Abrodil, Betaxin, Germanin, Naganol, Asuntol, Atebrin, Plasmochin, and Prontosil. The provisions of the agreements do not in any way correspond to the real value of the scientific contribution of the French partners and were executed in their present form on our part only under the pressure of unfavorable circumstances.

The matter is similar with respect to agreements in the field of international pharmaceutical chemicals, in which Germany predominated—for instance "Bayer" in acetylsalicyl acid—by which exclusive areas and export quotas were granted to the French which were far beyond their deserved share.

It is difficult, if not impossible, to determine the loss which the pharmaceutical department of I. G. suffered in this manner. By means of carefully collected evidence, which is at your disposal we estimate the loss suffered by the pharmaceutical branch of I. G., since 1914, at approximately R.M. 80,000,000.

4. *Photographica*.—Previous to the World War, France had a domestic photographic industry, which was well protected by the existing tariff policy. Of the firms existing at that time, the firm of Pathe was acquired by the American Kodak Corporation, Rochester. At the time of the outbreak of the war in 1939, the following factories produced photographic equipment:

1. Kodak—Pathe.
2. Soc. Lumiere.
3. L'Industrie Photographique (Gevaert).
4. R. Guilleminot, Boesflug & Cie.
5. "As de Trefle" (Anciens Etablissements Grieshaber).
6. Etablissements Grumiere.
7. M. Bauchet & Cie.

In addition, the following firms were also engaged in the production of photo-cameras and small-film cameras:

1. Societe Lumiere (cameras).
2. Coronet Camera Cie. (cameras).
3. Soc. Andre Levy & Cie., Ets. Boyer (cameras).
4. Etablissements Enel (small film cameras).
5. Soc. des Etablissements Krauss (lenses).
6. Oehmichen (small film cameras).
7. Pathe-Natan, Pathe-Cinema (small film cameras).
8. Soc. Francaise, Pathe-Baby (small film cameras).
9. Etabl. Andre Debie (small film cameras).
10. Service Commercial "Ericsson" (small film cameras).
11. Pathe-Rural (small film cameras).
12. Cine Gel (small film cameras).
13. Eresam (small film cameras).
14. Lapierre Cinema (small film cameras).
15. Su Ga (small film cameras).
16. Camera Facine (small film cameras).

After the Treaty of Versailles, the protective tariff policy towards all importing countries was continued. However, it was more strict in regard to Germany; by employing the general tariff until 1924, through the system of reparations deliveries, and by the preference given the "pays amis" (allies) with respect to quota allotments, still practiced even after the Commercial Treaty of 1927 was concluded.

By the granting of the minimum tariff after the conclusion of the German-French Commercial Treaty in 1927, it was possible for the German photographic industry to give more attention to the French market. As a consequence, our exports increased tenfold between 1929 and 1931. This favorable development was stopped by the quota policy adopted by the French Government. The execution of the regulation concerning the quota policy proved particularly disadvantageous to the photographic industry. In view of the fact that the quotas were based on the imports of previous years, there was hardly any possibility of providing the French market with certain new products, such as color films, small-picture films, etc.

Particular difficulties were experienced on account of the control of the camera quota, which was in the hands of the Comite Interprofessionel. The establishing of this Comite Interprofessionel resulted in individuals having to decide on German import quotas, who were direct competitors of the importing German manufacturers and who took advantage of this situation in favor of their French products. The manner of control of the quotas resulted in conditions which did not permit a fair distribution and did not permit the full use of the quotas allocated. A further disadvantage to German importers was that for deliveries to

public and government institutions and authorities, the domestic French products were definitely preferred or demanded. These tendencies were furthered still more by the depreciation of the currency and the circumstances connected therewith, which made the competition of German photographic products very difficult.

It was, therefore, impossible to ensure an adequate share for German products on the French market, to which they were entitled by reason of their superiority.

The French photo industry did not only supply its own market, but also appeared as competitor in the world market. Particularly disturbing was the competition by Kodak-Pathé, Société Lumière and Guilleminot in South America and in the Balkans.

On the French market, besides the German exporters, the American Kodak, the English (Kodak and Ilford), the Belgian (Gevaert) and the Italian firms (Ferrania/Tensi) were well represented.

The French industry was organized in the "Chambre syndicale des Industries et du Commerce photographiques." This organization took care of the price and market regulations. Representatives of important foreign manufacturers, who exported to France, were organized in the "Chambre syndicale pour l'Importation d'articles photographiques et cinématographiques et annexes."

Matters concerning the market were decided by these two offices. In general the market regulations formulated by the French industry was usually recognized as decisive.

5. *Aromatic Substances.*—The industry of synthetic aromatic substances existed in France even prior to the World War. The leading firm was the Société Chimique des Usines du Rhône. This industry was protected by a customs duty, which amounted to 15% of the value for the item 112a of synthetic aromatic substances. In spite of this duty the German industry was able to export to France in the year 1913, 79,000 kg. representing a value of 1.2 million Marks.

After the World War the duty on synthetic aromatic substances was raised to 20% of the value which was added to 5% for importing and the turn-over tax. This duty as well as the fact that the general tariff was applied until 1924 to German imports complicated the building up again of aromatic substance exports to France. As additional protection for the French industry a system of restrictive quotas was adopted in 1932. Although including all importing countries, this system was especially detrimental in its effect on Germany, as France granted preferential treatment to the "pays amis" [friendly countries], i. e., England and Belgium.

Owing to the fact that the French Government used its currency policy as a factor in its commercial policy the German aromatic substance industry was in many instances unable to keep up with the steadily declining prices of French products in France and on foreign markets.

For this reason the industry of synthetic aromatic substances in France, headed by the firm of Rhône-Poulenc, was able to expand considerably so that up to the year 1938, exports of aromatic substances from Germany to France dropped to 11,000 kg. representing a value of 69,000 R.M.

This trend of declining prices due to obstacles resulting from trade policy was accentuated by the fact that the German aromatic-substances industry made international agreements concerning all foreign trade in vanillin, ethyl-vanillin, and cumalin with the French manufacturers of these products, which resulted in the German exporters' losing the French market for the aforesaid three products, though to be sure they still had the German market for themselves.

6. *Artificial Fibers.*—Not until after the World War did we begin to export artificial fibers manufactured by us, i. e., cell wool, especially Vistra fiber, and artificial silk.

Vistra: Having taken up the manufacture of Vistra fiber in the year 1919 we were able in the year 1920, through a business connection, the "Industrie Gesellschaft für Schappe" in Basle [Industrial Company for Spun Silk in Basle] to get in touch with their branches in France, the Société Ind. pour la Schappe, Tenay, and Société Anonyme de Filatures de Schappe, Lyon.

After overcoming various difficulties connected with marketing and technical matters, the turn-over increased, beginning with the year 1927. After we had thus created the possibility of processing cell wool in France, the group in France interested in this production, the Comptoir des Textiles Artificielles in the year 1929 was instrumental in bringing about a considerable increase in the duty. While until that time the duty had amounted to 2.20 French frs. per kg., a rate which had been considered reasonable in view of the former price of 4.50 R.M. per kg. of Vistra fiber, this rate was increased in the year 1929 to 8.75 French frs. per kg. because of the aforesaid intervention. It ought, however, to be mentioned

here that later on after the price for Vistra fiber had dropped considerably the duty was again decreased to 3.40 French frs. At any rate the favorable development of Vistra sales was interrupted by the increase in the duty in 1930.

The business was revived to a certain extent as a result of the organization of the "Association Vistra" in 1931 which had been founded in France through our efforts. The following firms belonged to it:

Le Blan & Cie, Lille
Filatures G. Vermersch, Lille
Cotonniere Lilloise, Lille
Th. Barrois, Lille
Charles Mieg & Cie., Mulhausen
Ets. Valentin Bloch, Mulhausen
Filature de Colmar, Colmar
Union Textile S. A., Guebwiller

According to the agreement on which this association was based, our experience in the spinning of Vistra [fiber] was placed at the disposal of the aforesaid spinning firms. In addition, the wealth of experience which had been acquired meanwhile in Germany in connection with the dyeing, printing, and finishing of Vistra products was also made available. Owners of spinning and weaving mills were stimulated to a great extent by assorted samples, which we sent to them. In addition to this we instructed French producers in the finishing of goods made from Vistra and gave them every assistance in this field. On the other hand, the spinning mills, which were members of the "Association Vistra," were under the obligation to process Vistra exclusively.

In order to develop its plans for the manufacture of cell wool the aforesaid Comptoir des Textiles Artificielles brought pressure to bear on the spinning firms belonging to the "Association Vistra," by having them threatened with the blocking of their supplies, whenever French production started and German cell wool would no longer be imported into France. Thus the Comptoir succeeded in having two spinning mills leave the "Association Vistra" and in influencing the others in such a way as to make the existence of the Association Vistra impossible. In addition, the Comptoir Textiles Artificielles organized an "Association Velna" modelled after the "Association Vistra."

The banning of Vistra from French markets which had resulted from the above situation was to be lifted only in the year 1939 with the aid of the "Industrie Gesellschaft für Schappe" in Basle by supplying conveyor belts. In this way we were able to restore our connection with the French market via the Soc. Anonyme de Filature.

Artificial silk: The development of our artificial silk business with France showed until the year 1933 a tendency to increase. The customs rate under the Tariff Agreement, which varied from 16.25 to 19.50 French frs. as well as the customs regulations, affected the business adversely. Nevertheless it had been possible up to this point to carry on a certain amount of business. Because of the devaluation of the French currency, which was the beginning and the decrease in profits in our artificial silk in France resulting therefrom, the business decreased continually and finally had to be discontinued in the year 1937. We would have had to raise the prices in francs considerably in order to make up for this devaluation. In doing so, we would no longer have been able to meet the very strong domestic competition.

In addition to our losing the French market to French industry, the latter, as a result of the currency devaluation, was able to expand its exporting business. The French artificial silk industry at that did not concentrate its efforts on any one special market but offered its artificial silk to the whole world at prices which were always considerably lower than the German quotations. Our whole export trade was essentially disturbed thereby as it became necessary to sacrifice price considerably in order to keep up the volume of German export business.

7. Nitrogen and Nitrogen Products.—In the field of nitrogen the World War did not interrupt developments and constructions which had been going on for a long time; on the contrary, it furthered and shaped the beginnings of the European nitrogen industry. The construction of the Oppau plant, the first installation for the production of synthetic nitrogen was finished in 1913, one year prior to the World War. During the World War itself the urgent need for nitrogen in Germany led to the construction of the Leuna Plant, which ensured meeting the demand for nitrogen in Germany during the war and created an output, which made possible the export of nitrogen by Germany after the war.

Before the World War Germany's supply of nitrogen besides that produced by the German coking kilns consisted of an annual import of 775,000 tons of Chilean

saltpeter valued at RM. 171,000,000. Up to that time Chile had been the chief source of nitrogen supplies for the other European countries which had highly developed agriculture and nitrogen industries.

Up to the time of the outbreak of the World War France too had received its supply of saltpeter required for its agriculture and its armament industry (1913—322,000 tons) chiefly from Chile. As yet there was no production of synthetic nitrogen. The development of the German synthetic nitrogen industry and its considerable growth due to the urgent demands brought about by the World War created, however, in France the desire to build up a synthetic nitrogen industry for the future—both for war and peace—so as to be independent of the import of nitrogen. Not only the outcome of the war which was so unfortunate for Germany, helped France to realize this desire to follow the example set by Germany during the war but also the Versailles treaty was largely instrumental in that it permitted France, without having to go through any initial stages to use without further ado, the basis built by Germany and to organize a French synthetic nitrogen industry by making use of German scientific and practical experience and German help. Although as early as the time of the World War a nitric-acid plant had been set up in Soulom pursuant to the request of the French Government and the already existing lime nitrogen plant in La Roche-de-Rame had been enlarged and [although] despite the fact that Georges Claude had begun his experiments in the field of ammonia synthesis with high pressure (about 1,000 atmospheres) as far back as 1917, the year 1919 must be designated as the year of the actual beginning of the synthetic nitrogen production in France. During that year after Claude had had the opportunity to inspect the Oppau plant thoroughly, as the result of the occupation of the Rhine Palatinate the Societe de la Grande Paroisse was founded for the exploitation of the Claude patents. During the following years, a number of plants using the Claude process were established [to be operated] in connection with the coking kilns of the coal mines.

After the cessation of hostilities, the French Government made a serious effort to carry an ammonia synthesis on a large scale. Under the pressure of political events the French government in 1919 concluded an agreement with the Badische Anilin- und Soda-Fabrik in Ludwigshafen-Oppau, under the terms of which the B. A. S. F. had to cede its patents and share its experiences in the field of production of synthetic ammonia, ammonia sulphate, nitric acid, ammonia nitrate, sodium nitrate, salts of urea and mixtures of the above products. Furthermore the said firm was obliged to hand over all its plans and data and to give its technical assistance in the construction, the putting into operation and the operation itself of a plant for the daily production of 100 tons of pure nitrogen in the form of ammonia water. Later, however, this project was changed so that in the actual ammonia synthesis besides the Haber-Bosch process the Casale process which is likewise a modified Haber-Bosch process was used in a third of the output. The nitrogen plant constructed by the French Government according to these plans in the former powder plant at Toulouse started operations on a very small scale only in 1927. In general most of the nitrogen plants in France, constructed in accordance with the Claude process as well as those built later according to the Casale process, did not begin operations until the years 1927, 1930. The total output of the synthetic plants as given us is approximately 275,000 tons N. We, however consider this figure as too high, since the production in these plants up to now may be estimated at 130 to 140 thousand tons N. The total production of all the existing nitrogen plants, that is including coking kilns, gas plants and lime nitrogen plants amounted to about 180,000 tons N. in 1938/39.

As long as France itself had no production of its own worth mentioning, Germany was obliged under the terms of the armistice agreement and the Versailles treaty to deliver to France considerable quantities of sulphate of ammonia (in the years 1920 to 1922, 6,000 tons N. each year, in the form of sulphate of ammonia). In addition, during the struggle in the Ruhr the French occupational authorities seized at the P. A. S. F. plants alone 13,000 tons N. in the form of sulphate of ammonia and had demanded for the first time pursuant to an agreement with the occupational authorities (Coblentz agreement) a free-of-charge delivery of about 2,600 tons N. for the months from December 1923 to February 1924. The Coblentz agreement was renewed many times, that is until October 21, 1924, and stipulated a further delivery, mostly free of charge of about 7,000 tons N. Deliveries during later years, that is from November 1924 to the fertilizer year 1929—30, inclusive, made pursuant to contracts on reparations concluded between the Nitrogen Syndicate and the Comptoir Francais, amounted

during this period of time to about 173,000 tons N. in the form of calcium nitrate and about 7,000 tons N. in the form of soda saltpeter. At the end of the fertilizer year 1929-30, in which reparations deliveries stopped, French plants were able to meet their demands for sulphate from their own production. Although in the meantime production on a large scale of saltpeter fertilizers had been begun there was still a need for an annual import of about 64,000 tons N. in the form of soda saltpeter. France's demand for nitrogen, during the last ten years, therefore, was considerably greater than her own production. A considerable part of this additional demand was covered by imports from Germany. The need for imports did not prevent the French Government from introducing compulsory licensing in 1931, and from levying a comparatively high tax (about 4.8 pfennig per kg. N.) in connection with the granting of import licenses. The French Government wished to open up thereby a source of income which was supposed to benefit the French nitrogen industry in lieu of compensation for the lowering of prices and which perhaps would also benefit French agriculture to a certain extent. The Chileans, who up to that time were practically the sole suppliers of France's additional demand for saltpeter, refused to pay the required license tax. Thanks to pressure brought to bear by Tardieu, the then French Minister of Agriculture, a delivery agreement was concluded in December 1931 between the Nitrogen Syndicate and the Comptoir Francais, for an annual delivery of at least 150,000 tons soda saltpeter (about 24,000 tons N.). At the time of this agreement there was an exchange of notes between the German and the French Governments. During the first year of this agreement (fertilizer year 1931-32) its terms were faithfully carried out by the French. But as early as the following year the French created considerable difficulties, in [their manner of] observing the terms of the agreement. Notwithstanding the clauses of this agreement 20% of France's demands for imported soda saltpeter was to be met by Norway. Furthermore, by the beginning of that year France again began to import large quantities of soda saltpeter from Chile and the United States. In consideration of an agreement existing between Norsk Hydro and the I. G., the Nitrogen Syndicate at the request of the French Government, in accordance with an understanding with the German Government gave its consent to deliveries ex Norway; this arrangement benefited German interests since according to the I. G. agreement with Norsk the proceeds had come in via Germany. American imports were likewise approved since the Syndicate found them acceptable, because within the framework of the agreement with American producers, it thus obtained potential outlets on other markets. The objections raised by the Nitrogen Syndicate against deliveries from Chile—objections based on the agreement with the Comptoir Francais were disregarded during the first few years. Actually therefore, the agreement during the period of time from 1932 to 1933 had not been fully observed; it remained valid, however, and was formally recognized by the French as such. Beginning with 1936-37 the French by way of economic rapprochement again showed a greater inclination to import larger quantities from Germany in accordance with this agreement. The Comptoir Francais again acknowledged the claims of the Nitrogen Syndicate with regard to the possible import of Chilean saltpeter. Deliveries of Chilean saltpeter from this time on were made each time with the consent of the Nitrogen Syndicate. As a result of a set-back in its own production which was due to labor conditions (strikes, shorter working hours, etc.) France again experienced during the last years a need for imported sulphate of ammonia which was satisfied by deliveries by CIA partners.

This survey shows that a purposeful influence on the industrialization in France in the nitrogen field was made impossible for the German nitrogen industry as a result of the conditions of the armistice and the Versailles Treaty. The German industry had to resign itself to having its processes, which had been perfected by years of experimentation, taken away from it or exploited and utilized by French chemists and technicians, who during the occupation found out all the particulars on operation and technique at the B. A. S. F. plants. Even delivery agreements concluded by private enterprise were respected by the French Government as is shown by the events of 1932, only insofar as they were agreeable to it and coincided with its other provisions.

Finally the German nitrogen industry after 1930 was obliged in its cartel policy to reckon with the French industry, which had been organized in the meantime, and to include it in the European Nitrogen Agreement (C. I. A.). The French group, however, was no longer a co-signer of the so-called CIA agreements and was not therefore a formal partner to this agreement; on the other hand it carried

out the obligations of the agreement and contributed partly to its expenses. Nevertheless it occupied a certain privileged position, which must be denied to it in the future.

II. PROPOSALS OF A GENERAL NATURE WITH REGARD TO PRODUCTION AND SALES · WITHIN THE FRAMEWORK OF GERMAN-FRENCH RELATIONS

The preceding survey on the development and situation of the individual branches of the French chemical industry plainly shows that the chief obstacle blocking German interests in the French market was to be found in the field of commercial policy. If, therefore, participation in the French market—the remaining colonies, protectorates and possible mandated territories included—corresponding to the importance of the German chemical industry is to be built up and maintained, then this aim can be achieved only by a fundamental change in the forms and media of French commercial policy in favor of German imports. With this intention the following is proposed:

I

(1) Development of a French preferential tariff system favoring Germany, whereby the absolute rate of the tariff must exclude any possible unfavorable effect on German [exports]. The extent to which these preferential rates are to be effective with regard to other countries should be fixed for each item and stipulated accordingly.

(2) Sufficiently large quotas must be established. While taking into consideration the necessity of establishing an equilibrium in the French balance of payments, purchases of goods, which were previously made [purchased] in other countries should be shifted to Germany. Such shifting would have to be accomplished with a view to securing a sufficiently large market for high quality products, which may be used in barter (e. g., synthetic tanning agents, crude varnishes, synthetic fibers, and artificial materials).

(3) In connection with the issuing of new measures which may be expected in the field of exchange and currency policy, German interests should be borne in mind.

(4) All discriminatory measures as to certificates of origin, compulsory declarations and registration should be abolished.

II. QUESTIONS REGARDING THE RIGHT OF SETTLEMENT

(1) German nationals should be granted resident's permits without any restrictions.

(2) Work-permits should be granted to German nationals in accordance with business requirements to be decided by Germany.

(3) A free right of establishment should be granted, taking into consideration the pertinent provisions of the trade police and the like authorities, which are also applicable to French business enterprises.

III. MEASURES AFFECTING TAX POLICY

The establishment of industrial enterprises of German firms within the meaning of the terminology of the double taxation agreements concluded by Germany (e. g., branch establishments, manufacturing centers, branches, agencies) as well as the establishment of subsidiaries of German enterprises should not be hampered by tax measures. By this is meant:

A. *Industrial enterprises:*

(a) Taxation must be limited to the assets set aside for said industrial enterprises including real estate, profits deriving from same and the turn-over.

(b) As to the taxation of such enterprises, the latter must not be placed in a more unfavorable position than other business enterprises of the country in question with respect to tax classification rate or facts of the case.

(c) Profits must not be assessed on the basis of the balance sheet of the German parent firm but solely on the basis of percentage of the turn-over made by the enterprise. This percentage should be agreed upon for each individual category of products. In case of dispute the decision of a mixed commission of representatives of both countries shall decide. Insofar as the profits of industrial enterprises result from the sale of articles produced in Germany, the assessment of such percentage shall cover only the dealer's profits and not the manufacturing profits.

B. The preceding provisions under A. (a) and (b) also apply to the taxation of subsidiaries of German enterprises

Insofar as taxation of such subsidiaries, decisions shall in principle be based on their accounting records insofar as these have been kept according to regulations. If the foreign tax authorities prove that profits resulting therefrom are obviously not in proportion to the profits made by businesses of the same or similar type, profits shall be computed on the basis of a percentage of the subsidiary's turn-over. In this connection the provisions referred to under A. (c) shall apply accordingly.

IV

Provisions, regardless of whether they are issued by official authorities, associations, or others, which discriminate against the use of German products in favor of French products or those of other countries, should be abolished.

III. CONCRETE PROPOSALS WITH REGARD TO CERTAIN FIELDS OF PRODUCTION

1. *Dyestuffs.*—In order to achieve a New Order as planned and to compensate in part for damages suffered in and because of France, the best solution seems to be to bring about such regulation of French production and its marketing for all time to come by the participation of the German dyestuffs industry in the French dyestuffs industry, as to prevent further encroachment on German export interests. To this end concrete proposals could be made as for example, I. G. might be allowed to acquire 50% of the capital of the French dyestuffs industry from the Reich.

For the purpose of carrying out such a transaction it would be necessary for the Etablissements Kuhlmann, which in addition to its dyestuffs plants operates large enterprises in the inorganic and nitrogen fields to separate its dyestuffs division [from the rest of the establishment] and to absorb the following subsidiaries:

Compagnie Francaise de Produits Chimiques et Matieres Colorantes de St. Clair-du-Rhone, Paris;
Mabboux & Camell, Lyon;
Societe des Matieres Colorantes de Croix-Wasquehal (Burel), Roubaix;
Prolor, St. Die;

and the—

Etablissements Steiner, Vernon.

The Societe des Produits Chimiques et Matieres Colorantes de Mulhouse, Paris, and the Societe Anonyme pour l'Industrie Chimique, Mulhouse-Dornach have been omitted since it is assumed that these firms will go back to the Reich with the return of Alsace and Lorraine.

In this way the Comp. Nationale, which would have to be newly organized, would have either to merge with the Soc. des Matieres Colorantes et Produits Chimiques de St. Denis or to enter into a close community of interests agreement with it. In either case the administrative board of the company or companies would have to be set up—part German, part French—so that each would be represented by an equal number of members.

Furthermore the following regulations would have to be issued in line with the provisions under the peace treaty:

(a) The German-French dyestuffs company or companies only shall be permitted to establish in France new plants for the production of dyestuffs (including lac dyes) or their intermediate products, or introduce new products into the plants already existing or to expand the latter. In addition the French Government is to issue a decree prohibiting the establishing of plants for the manufacture of dyestuffs and intermediate products.

(b) As a general rule the output of the German-French company shall be intended for the French domestic and colonial markets only.

(c) In imports to France, its colonies and protectorates Germany shall receive preferential treatment in that such products as are not manufactured by the German-French companies shall as a general rule be purchased only from Germany and at reasonable tariff rates. The recently levied minimum tariff rates on dyestuffs would seem appropriate provided that the exchange-rate of the French franc did not exceed 0.06 RM.

(d) As to the Societe des Produits Chimiques et Matieres Colorantes de Mulhouse, Paris, and the Societe Anonyme pour l'Industrie Chimique Mulhouse-Dornach we have written to the Reich Ministry of Economics under date of July 13, 1940, that we have placed a trustee for these companies at its disposal.

The ultimate fate of these two enterprises can be determined only at a later date. As, after the war, there would be no economic basis for the existence of the first-named firm, it is questionable whether it would be advisable to have this enterprise continue to operate.

AUXILIARY PRODUCTS FOR DYEING PURPOSES AND AUXILIARY TEXTILE PRODUCTS

We propose that the following regulations be adopted:

(a) Reduction of the prohibitive and unduly high customs rates and establishment of preferential tariff rates for German imports.

(b) Enforcement of a French quota and licensing system in favor of Germany which will have as its purpose that French demands for imports be supplied by Germany only.

2. *Chemicals*.—Because of the large variety of products to be considered, we have summarized our plans in the field of chemicals in a chart. We should like to make the following preliminary remarks:

The granting of preference tariffs to Germany is not only a means of compensating the German chemical industry for damages suffered in consequence of the Versailles Treaty and of the trade policy based upon it; it is rather a necessary political instrument to be used in relation with non-European countries which, through a depreciation of their money and through other measures might be able to disturb the commercial agreements to be concluded with France. It must therefore be stressed particularly that the basic tariffs between France and other countries can be lowered only with German approval!

Ordinarily, preference import quotas will be dealt with in the individual syndicate agreements. (See below.) One reason, however, for insisting upon preference quotas for basic materials used for military equipment must under no circumstance be revealed during such negotiations. This reason is that our marketing organizations, by gaining first-hand knowledge of the domestic markets of the country in question are thus enabled to determine whether secret rearmament is going on.

Licenses for the construction of new plants and for the expansion of existing facilities are imperative in regard to products which are important to the armament industry. We hope that the requiring of licenses for the production of these articles will be supplemented by rigid control of the production itself.

Such licenses are necessary even for products not important to the armament industry, in order to avoid the unnecessary accumulation of labor, raw materials, and capital in certain places particularly in those parts of Europe, where this condition exists. In these instances, however, the licensing system might be abolished as soon as an average quota of production had been reached.

Furthermore, technical progress should not be obstructed by too rigid an application of the licensing system. We believe that precautions should be taken not to deny a license if this should block important technical progress and if the production of the new plant (a) were to be used to satisfy a new and additional demand and (b) if this production were to be placed on the market by shutting off or decreasing the production of existing plants at the same time. In other words, a license should be granted as long as this procedure does not run contrary to the interests of the German producers either directly or indirectly and insofar as it is not contrary to agreements concluded with producers in other countries.

The cooperation between German and French industry, which is the necessary basis for a sound and planned economy, can best be achieved—while continuing already existing agreements—by the creation of *long-term international syndicate agreements*, which would have to be preceded by the creation of French national syndicates. In contrast to previous arrangements between the German and French chemical industries, these syndicates should be under a unified and strong leadership, which because of the greater importance of the German chemical industry should be in German hands and should have its administration headquarters in Germany. The export of French chemicals would be handled exclusively by these syndicates, except for territories, to which the French industry may freely export the products in question or except in other cases to be defined precisely. The French chemical industry, limited now to supplying the domestic markets, may be asked to make compensations within the framework of the syndicate for possible export deficits.

Product	A Proposals for preference tariff rates from Greater Germany to France	B Proposals regarding French tariff rates with respect to other countries	C German proposals regarding quotas and import licenses concerning France	D Proposals regarding the French market and French export	E Proposals for obligatory approval concerning new construction and expansion of plants
Caustic potash*.....	Present duty of frs. 96% per 100 gross kg. to be reduced to about R.M. 2.75% per 100 net kg. for 90% caustic potash and to R.M. 1.50 for 50% potash lye.	Import duty for Germany and France on caustic potash R.M. 9% per 100 kg. net.	Germany foregoes importation.	France foregoes export, produces only for the domestic market.	Yes; relaxation in proportion to the increase of French domestic requirements upon agreement with competent German authorities.
Carbonate of potash*.....	No duty for import quotas of Thann for France, otherwise preference duty for Germany R.M. 2% per 100 kg. net.	As above R.M. 7 per 100 kg. net.	No duty on import quotas of Thann to the extent of its former participation in the French market. Import right for all German producers otherwise only for specialties which cannot be supplied by French industry and emergency deliveries.	See C. France foregoes exportation. Syndicate in cooperation with German firms (at present Elpro).	As above.
Chloride of lime/chlorine*..	Preference tariff 5% ad valorem.	Maintenance of present tariff with regard to other countries.	Right of import for Thann within the scope of its previous participation in the French market.	France produces only for its domestic market. Market regulated by Syndicate.	Construction of new plants only upon agreement with competent German authorities.
Fuming sulphuric acid*....	Preference tariff 5% ad valorem.	-----	-----	Export prohibition for France.	-----
(1) Zinc chloride product containing sal ammoniac*	Preference tariff 5% ad valorem.	Protective tariff 15% ad valorem.	German exports: 20% of French demand.	(1) Export prohibition for France.	-----
(2) Zinc chloride.....	-----	-----	-----	(2) Participation in exports arranged for by the Syndicate on a par with prewar quantities.	-----
Sodium sulphide crist. conc.*	Preference tariff 5% ad valorem.	Protective tariff 25% ad valorem.	As above.....	As above under (2).....	-----
Hydrochloric acid.....	No duty on importations from producers in Lorraine and Alsace which do not exceed present quantities.	-----	See under A.....	No exports to Germany.....	-----
Sodium sulphite..... Sodium bisulphite..... Barium chloride*..... Antichlor*.....	Preference tariff 5% ad valorem.	Protective tariff 25% ad valorem.	German exports: 20% of French demand.	Participation in exports arranged for by the syndicate on a par with prewar quantities.	-----

Product	A Proposals for preference tariff rates from Greater Germany to France	B Proposals regarding French tariff rates with respect to other countries	C German proposals regarding quotas and import licenses concerning France	D Proposals regarding the French market and French export	E Proposals for obligatory approval concerning new construction and expansion of plants
(1) Barium carbonate..... (2) Products containing fluoride and hydrofluoric acid.	Preference tariff 5% ad valorem.	Protective tariff 25% ad valorem.	German exports into France: (1) 30% of French demand, (2) 25% of French demand.	Export prohibition.....	(2) Construction prohibition.
Potassium chlorate..... Sodium chlorate..... Perchlorates..... Phosphorus.....	Preference tariff 5% ad valorem.	Protective tariff 25% ad valorem.	Right of delivery to France (the amount depends on which factories will be ceded to Italy).	Organization of Syndicate under German leadership by which the French are to be restricted to the average yearly exports 1924-29.	License required (products important to defense economy).
Potassium perchlorate.....	Preference tariff 5% ad valorem.	Protective tariff 25% ad valorem.	Delivery privileges for Germany amounting to 10% of the demand.	Organization of Syndicate with prohibition for exports to France.	
Perchloron.....	Preference tariff 5% ad valorem.	Protective tariff 25% ad valorem.	German export into France..	As above.....	
Bichromates.....	Preference tariff 5% ad valorem.	Protective tariff 25% ad valorem.	Right to export to France to an extent still to be agreed upon, but no less than 40%.	France produces for the domestic markets only.	It should be ascertained what plants are still operating and whether their capacity is sufficiently large. Licensing of constructions and expansions. Prohibition of expansions.
Chrome alum.....	Preference tariff 5% ad valorem.	Protective tariff 25% ad valorem.	Only German exports into France allowed.	As above.....	No expansion allowed.
Chromosal.....	Preference tariff 5% ad valorem.	Protective tariff 25% ad valorem.	Only German exports allowed into France (80% of the demand).	French plants supply 50% of domestic demand exports.	
Synthetical tanning products.	Abolition of duty.....	50% protective duty of the value.	.....	The establishment of a syndicate will be necessary only after more producing firms participate. Compulsory admixture with regard to synthetic tanning products.	Licensing of construction of new plants.
Oxalic acid*.....	Not higher than R.M. 6.50 per kilo. about the same as the prewar tariff after prices had dropped.	Import duty per kilo 16.50 R.M. (about the same as at the time of the establishment of the tariff).	German export quota for France 1/2 of the French demand.	France to produce for the domestic demand only. Exports to the French colonies to be kept on the 1937-39 level. Amounts exceeding this level to be furnished exclusively by	Licenses for the restoration of plants destroyed during the war. Said licenses to be compulsory also for plant-expansion on account of potential surplus production in either case. Ger-

<p>Formic acid.....</p>	<p>As mentioned above.....</p>	<p>RM 16 per kilo. Other- wise see above.</p>	<p>As mentioned above 1/4 of the French consumption.</p>	<p>German industry until over-all exports amount to 6,000 tons per year. Ex- ports to non-European French territories to be handled by the offices for the sale of oxalic and formic acid.</p>	<p>man exports should be no less than 6,000 tons an- nually.</p>
<p>Organical intermediate products.</p>	<p>Preference tariff 5-10% of the value.</p>	<p>Protective tariff of 50% of the value.</p>	<p>The license system must be handled in a way that practically only German intermediate products may enter France.</p>	<p>Prohibition of exports</p>	<p>In addition to the report of the dyestuff division it is destrable to stop the pro- duction of the following products which are essen- tial for the production of military requirements: Pentaerithrit, Dinitrode- phenylamine, Chloracet- phenone, Guanidin Nitrate, Picric Acid, Sta- bilizers, Special Products.</p>
<p>Vulcanisation accelerators</p>	<p>Lowering of tariffs for the following items in order to make German exports possible: Item 0275 quarter: Vulkacit D/Vul- kacit 1,000 frs. 345 per kilo—RM. 21.72 Vulkacit, M, DM, F, U, and A7 frs 345 per kilo— RM 21.72 Vulkacit P, P extra N 20 1,774 frs. 1060 per kilo—RM. 65.20 Vulkacit Thiuran Vulkacit J frs. 1650 per kilo— RM. 104.49 Vulkacit CA, CT, PP, TR 576 and 576 extra 21.20% of the value. Item 0381: Antioxydant RR 10, NB, Aldol, DNP, 4010 25% of the value.</p>	<p>Import duty of 100% on the sales price of the indi- vidual products.</p>	<p>German imports to be al- lowed.</p>	<p>French industry to produce only for the French mar- ket. Prohibition of ex- ports. Regulation of the further development by syndicate agreement.</p>	<p>Establishment of plants only in accord with competent German authorities.</p>

Product	A Proposals for preference tariff rates from Greater Germany to France	B Proposals regarding French tariff rates with respect to other countries	C German proposals regarding quotas and import licenses concerning France	D Proposals regarding the French market and French export	E Proposals for obligatory approval concerning new construction and expansion of plants	
Solbrol.....	Reduction to 5% of the value instead of the present 25%.			} French exports to be prohibited.		
Microbine.....	Reduction to 5% of the value instead of the present 25%.					
Preventol.....	Reduction to 5% of the value instead of the present 20%.					
Basilit.....	Reduction to 5% of the value instead of the present 20%.					
Benzoic acid.....	Reduction to 5% of the value instead of the present 25%.	} 50%.....	} Export quotas accorded to Germany: 30% of the French requirements.	} No exports.....	} License for construction and expansion.	
Benzoate of soda.....	Reduction to 5% of the value instead of the present 25%.					} 50%.....	} German share: 30% of the French internal requirements but no less than 1,000 t.	} It would be advisable and in the French interest to establish an organization of ochre manufacturers—French ochre exports are now 50% of the 1938 exports. Exports to be prohibited to Germany.
Iron oxyde colors.....	Reduction to 5% of the value instead of the present 20%.		} German share: 1/4 of the entire sales.	} French exports to be prohibited.		
Kaurit glue incl. hardening agents.	Reduction to 5% of the value instead of the present 50%.					
Membranite.....	Reduction to 5% of the value instead of the present 15%.	} 50%.....				
Cohesan.....	Reduction to 5% of the value instead of the present 20%.		} 50%.....			
Cosavult.....	Reduction to 5% of the value instead of the present 27%.					
Titanium.....	} Preferential tariff to be 5% of the value.	} Protective tariff to be 25% of the value.	} German exports to France must be sustained.	} See under E.....	} Interdiction of new constructions, as the demand can be satisfied by German production.	
White.....						

Butyl products.....	10% of the value.....	50% of the value.....	In addition to the share of Fabrique Alsacienne de Levure et Alcools at Strassbourg, a 45% share for German manufacturers in the French market. Exports from Germany into France to be unlimited.	Previous French exports were negligible. In the future the French export activities should be allowed only when approved by the German syndicate. Inclusion in German-European cartel to be formed with H. Q. in Germany. No exports allowed for France.	Construction and expansion of plants should be subject to licenses.
Glycol..... Glystantin.....	} Preferred tariff vote of 5% of the value.	Protective tariff vote of 25% of the value.			France should be limited to the production of glycol. Construction and expansion of plants should be subject to licenses because the product is important for armaments.
Ethylen chloride..... Ethylen oxide.....	} Preferred tariff vote 5% of the value.	Protective tariff vote of 25% of the value.	As above.....	As above.....	Construction and expansion of plants should be subject to licenses.
Thermoplastics and new condensation products.	Preferred tariff vote: 5% of the value.	Protective tariff vote: 30-50% of the value.	Unlimited German exports into France.	France should be limited to own markets.	Construction and expansion of plants for plastics subject to license.
Magnesium of all kinds..... Magnesium alloys.....	} Preferred vote: 5% of the value.	Protective tariff vote: 25% minimum.	France to supply own markets only. Extent of German exports to depend on decision whether French magnesium plants in Savoy will go to Italy.	No exports permitted for magnesium of any kind, including semifinished products. Syndicate for all Europe.	Licenses for new construction, expansions and for the starting of operations in plants heretofore idle. Reason: Importance of such plants for the production of armaments.
Beryllium chloride..... Beryllium alloys..... Inflammable cerium..... Cerium alloy.....	} Preferred tariff vote: 5% of the value. } Preferred tariff vote: 5% of the value.	Protective tariff vote: 25% minimum. Protective tariff vote: 50% of the value.	As above.....	No exports permitted.....	Same.
			German exports into France to be 25% of French demand. French exports may be 50% of actual German imports.	Establishment of a syndicate with quantity and price agreements. Independent sales because the article is protected by the trade-mark.	French firms which have so far produced only "misch metal," must not produce inflammable cerium. Construction of plants should be subject to licensing as German production can fully supply world market demands. Product brings in much foreign currency.
Ferrotungsten..... Ferromolybdenum..... Ferrovanadium.....	} Preferred tariff vote: 2%.....	Protective tariff vote: 20%..	Production for French market only. The extent of German exports to France should be subject to future regulations. Quota to depend on how much of French industry will go to Italy.	No exports permitted. Syndicate for the purchase of raw materials for French market. Establishment of compulsory cartels.	Construction of new plants subject to licensing.

Product	A Proposals for preference tariff rates from Greater Germany to France	B Proposals regarding French tariff rates with respect to other countries	C German proposals regarding quotas and import licenses concerning France	D Proposals regarding the French market and French export	E Proposals for obligatory approval concerning new construction, and expansion of plants
Tungsten molybdenum Vanadium and their acids..... Nickel.....	Preference tariff vote 2%---- Preference tariff rate: 2%----	Protective tariff rate: 20%---- Protective tariff rate: 15%----	----- Extent of German exports into France to be subject to future regulations, which depend on the problem of raw material.	As mentioned above..... -----	{ Prohibition of new constructions. Compulsory licenses.
Precious stones.....	Preference tariff rate: 2%----	Protective tariff rate: 20%. Possibly special regulation for Switzerland.	Right for Germany to deliver.	Production for own demand only. Exports by compulsory cartel under leadership of Germans.	Prohibition of new constructions.
Water-proof sandpaper and ordinary sandpaper.	Preference tariff rate: 5%. Preference tariff rate: 2%.	Protection tariff rate: 25%--	Right for Germany to import up to 25% of the demand.	Production for domestic demand only. No exports. Syndicate for the domestic market to be established.	

*These statements are valid only if agreed to by the other German members of the syndicate. Products subject to this restriction are marked by †.

3. "*Bayer*" *Pharmaceutical Products, Dental Supplies, Chemicals for Pest Control, Veterinary Products. "Berhringwerke" Serums, Vaccines.*—As reported under I-3, the pharmaceutical branch of the I. G. business suffered considerably, although on the other hand, the German pharmaceutical industry, and "*Bayer*" in particular, have shown during the postwar period that they lead in this field, with respect to scientific development and economic progress. We therefore believe ourselves to be justified in insisting upon the carrying out of the following proposals, especially since this is a necessary requirement in the sound planning of a European New Order.

A. All rights derived from trade-marks used in the pharmaceutical field which were seized previously should be restored. All trade-marks which were seized during the World War and which after the war were treated as free trade-marks because of our inability to protect them through legal channels and which thus became inaccessible to us, must be restored to the owners and registered and protected with retroactive effect.

B. The French market is to be opened to firms of the German pharmaceutical industry on a basis of free competition. With regard to important pharmaceutical products, this free competition must be regulated by syndicate agreements.

The carrying out of these proposals would seem to be sufficiently assured if our proposals expounded under II are accepted. From the point of view of the pharmaceutical industry, the following detailed remarks have to be made:

To I (1).—The maximum tariff on special pharmaceutical products should not exceed 10 to 15% of the tariff-free value.

To III A (c).—A profit percentage of 5% of the turn-over seems to be a reasonable figure with respect to the pharmaceutical business.

C. In addition, several French administrative regulations concerning the pharmaceutical field in France must be abolished or changed on account of their restricting influence:

(a) German pharmaceutical products must be given the same consideration as domestic products by French authorities or French public institutions when issuing invitations for bids or when otherwise placing orders.

(b) Regulations protecting the domestic serum industry must be abolished in order to guarantee free import of German serums and vaccines.

(c) Official French quarters must be prevented from fostering the nationalistic attitude which is prevalent particularly among doctors and pharmacists and which is detrimental to the German pharmaceutical industry, in that domestic medicines are recommended or their sale promoted and their use is even obligatory. Necessary precautions must be taken that such practices are not introduced by administrative acts aimed at protecting domestic products. Such a state of affairs as exists for example among the organization of French veterinaries must disappear or at least German firms must be able to compete on an equal footing.

(d) In the field of plant pest control, the regulation forbidding the use of mercury disinfectants in plant cultivation must be abolished, as this no longer conforms to present scientific standards. This step should be taken particularly in the interest of French agriculture in order to make available modern methods used in pest control and to make possible the disinfection of cultivated fields on the widest possible scale.

D. The "General Part" has pointed out the necessity of organizing the whole pharmaceutical industry in Greater Europe under the leadership of the German pharmaceutical industry in such a way as to achieve its great objective in the most direct way possible. In the interest of these plans it is therefore necessary to define precisely future activities of the French pharmaceutical industry.

The French pharmaceutical industry should be compelled to restrict its activities to the domestic market. Exports should be allowed only insofar as price and market regulation agreements made with German firms of the pharmaceutical industry permit. This should apply in particular to the more important pharmaceutical chemicals, whenever their export is the subject of a world wide general agreement. In this connection, we reserve the right to submit separate suggestions on the part of the German pharmaceutical industry.

To safeguard such cooperation in the export markets we should plan either to have French firms financially participate in these enterprises or to affiliate them with German export organisations abroad. This planned cooperation makes it imperative to determine and to examine international cartel agreements made by the French pharmaceutical industry so as to adapt them, if necessary, to the newly created situation and thus to prevent non-European firms from profiting from German ideas.

Particular emphasis must be placed on the dangerous situation resulting from the fact that at the present time chemists who have worked in France emigrate to other countries. In these countries they might create new national industries by using French and also German production methods the knowledge of which they had acquired in France. These industries in turn might have a detrimental effect on German exports.

These agreements, should stipulate that the licensing agreements between ourselves and the French firms of Societe Parisienne d'Expansion Chimique (Specia), Paris, Les Laboratoires Francias de Chimio Therapie (Chimio), Paris, and Societe des Usines Chimiques Rhone-Poulenc, Paris, which were concluded under political and economic circumstances different from those existing at present and which refer to important special pharmaceutical articles, should be abrogated. Insofar as French firms have effectively cooperated in the production of particular products, new licensing agreements on a sounder basis may be concluded. Such agreements will give to our French partners such advantages as they are entitled to in proportion to their participation in the discoveries of these compounds.

In the field of serums, agreements must be made concerning the sale of French serums and vaccines, in particular those produced by the Pasteur Institute. As in the case of the pharmaceutical industry, they should stipulate that the French domestic market must be open to free competition. In the field of exports, however, the French producers of serum would be obliged, just as the producers of pharmaceuticals, to consult with the German industry on questions of price and of market regulations. This takes into consideration the facts that the discovery of antitoxins which make the blood immune to certain toxins and the serum therapy, which is based upon this discovery, are German inventions.

Special arrangements should also be made for the business in dental supplies in France, which is characterized by the existence of very complicated international agreements. The French market receives a large part of its dental supplies through the firm of de Trey (U. S. A., England, and Switzerland) which has secured its position through financial participation in the more important French dental supply houses. In the interest of the German dental supply industry, it would be desirable also to bring out German dental products on the French market. This could be achieved, if necessary, by parallel agreements with the leading firm of de Trey. It should be insisted, however, that the buying of these supplies, which heretofore has been mainly done in England and the United States should be switched to Germany in the future.

In the Carpule field the firm of Rhone-Poulenc should be urged to conclude a new agreement with us, as its cylindrical Scurocain-ampulla is a plagiarism of our registered Carpule.

On the French side, this New Order established in our mutual relations would have to be supplemented by a decree forbidding the construction of plants producing pharmaceutical products. In addition, a number of small and unimportant laboratories most of which are of local importance only should be closed.

4. *Photographic Products* ["*Photographika*"].—In order to reorganize and develop export of German photographic products to France in the future, it would be desirable to prevent further development of the French photographic industry insofar as such development relates to products which can be supplied through German productive facilities.

In order to insure continued existence of the French photographic industry, a 5% tariff protection for photographic products, including cine-rawfilm, of French industry is deemed sufficient. In this connection, said tariff should be granted Germany as a preferential tariff, whereas a tariff of 25% should be imposed on imports into France from the Photographic industry of the remaining foreign countries (thus covering American and English photographic products). Under these circumstances, we consider quotas superfluous. They should therefore be removed.

In order also to participate in the supplying of French colonies, it is advisable to have German photographic products placed on a basis of equality with French photographic products, for purposes of customs treatment.

The French photo industry should limit its sales to France and the French colonies. Exports to other countries should be allowed only in accordance with the requirements of German exports.

5. *Aromatic substances*.—In order to organize future exports of synthetic aromatic substances¹ to France, it will be necessary to remove obstacles which are now standing in the way of imports and more particularly to reduce the tariff of

¹ Translators note: i. e. perfumes, etc.

20 plus 5 percent to 10% including all incidentals. In this connection it should be borne in mind that the tariff applies not only to synthetic aromatic substances but also to compounds of aromatic substances, and by compounds should be understood mixtures of oils, resins, and synthetic aromatic substances.

6. *Artificial Textile Fibers.*—Cellwool (Vistra, etc.): Requests concerning future organization and development of German exports of cellwool (Vistra, Cuprama, Lanusa, Aceta Fiber) to France, will on behalf of the entire German cellwool industry, be submitted to the Reich Economic Ministry by the Professional Group for Chemical Production of Fibers and/or the Economic Group for Chemical Industry.

Artificial Silk: With respect to artificial silk, it would be desirable to provide regulating controls through guiding principles similar to those existing for German producers within the Association of German Artificial Silk Producers, in order to prevent the sales policy of French competitors in the different foreign markets, from causing further damage to Germany's artificial silk industry. The individual requests of the entire German artificial silk industry will be submitted in detail by the Association of Artificial Silk Producers through the Economic Group for Chemical Industry.

7. *Nitrogen and Nitrogenous Products.*—Without considerable limitations inherent to the present exposition, it is not possible, in the *field of nitrogen*, to make suggestions concerning the shaping of future relations between Germany and France. On the one hand it would be impossible to separate French production from European nitrogen production as a whole. This was demonstrated under the European Nitrogen Convention (CIA) already prior to the present war and will be demonstrated even more clearly in the future. Consequently French production should not be considered separately. The shaping of Franco-German relations in the field of nitrogen should preferably be fitted into the structure which will be set up in the economic sphere of Greater Germany upon the final conclusion of this war. On the other hand, it is not up to I. G. alone to determine this structure, but it is one of the tasks of the Nitrogen Syndicate² which safeguards the interests of all German nitrogen producers. Consequently, detailed suggestions concerning the shaping of the relations between and among the European nitrogen industries should be left to the Nitrogen Syndicate. The important problems in connection therewith are therefore being only roughly sketched at this point.

Before nitrogen industry can be fitted into the European sphere, and its relationship with the rest of the world can be established, there are three main problems which, on the one hand, should be solved separately, and which, on the other hand, should be coordinated:

1. Development of agriculture in the European sphere and its relation to the agrarian markets of the world.
2. Systematic arrangement of the European nitrogen markets, taking into account imports of nitrate (Chile saltpetre) advisable for politico-economic reasons, and regulation of nitrogen exports from the European economic sphere to the nitrogen markets of the world.
3. Taxation of industrialization in the field of nitrogen production, within the borders of Greater Germany's economic sphere, and influence exerted on the development of the remaining nitrogen output of the world.

In many respects, these problems are closely related to one another so that, in connection with any new order in the nitrogen industry, it will be necessary to take their reciprocal effects into consideration. Bearing in mind the fact that the nitrogen production of France did not, until the outbreak of war, suffice to cover France's own requirements, and that considerable quantities had to be imported (sulphate of ammonia, sodium nitrate, etc., for fertilizing purposes, as well as sal ammoniac and urea for technical purposes), the following will be a requisite for the nitrogen situation in France:

Participation of French industry in exports should be prevented also in the future.

This request is primarily based on the prior situation described hereinbefore. In conjunction therewith, attention is called to the fact that France's total consumption of nitrogenous fertilizers for 1938-39 amounted to approximately 180,000 tons N. A comparison of this figure with the consumption figure of 745,000 tons N during the same period in Germany (including annexed Austria³) reveals that a considerable increase in the consumption of nitrogenous fertilizers is possible in

¹ "Stickstoff-Syndikat."

² "Ostmark."

France proper. The use of nitrogen in France amounted to an average of approximately 5 kg. pure nitrogen per hectare of agricultural exploitation area in comparison with e. g. 32.6 kg. in Belgium and 21.4 kg. in German.

Then, too, attention should be called to the fact that France appropriated processes of I. G. which had been developed as a result of long years of research, and that, due to the work espionage conducted during the occupation of Oppau, she was in a position to speed up considerably the development of her own synthetic nitrogen industry.

In December 1931 the Nitrogen Syndicate concluded an agreement with the Comptoir Francais de l'Azote,⁴ Paris, by virtue of which the Nitrogen Syndicate enjoys priority in supplying France's additional requirements of sodium nitrate. Said agreement was ratified by an exchange of notes between the two governments. Each year an understanding was reached with respect to the quantities to be delivered by Germany, and, in connection therewith, requests expressed by other producers (Norway, Chile, U. S. A.) were taken into account within the framework of cartel agreements. Said agreement has not been cancelled.

For the future, it is desired that—in a manner similar to that proposed for other markets—Germany be given *priority* for [the supplying of] all additional requirements of nitrogen of any kind. This step shall be designed, in particular, to exclude or control North American imports⁵ and imports of Chile saltpetre.⁶ Chile saltpetre can be substituted by other synthetic nitrogen products, as has also been done in Germany.

In order to insure German exports to France it will be necessary to clear or remove the following obstacles which are now standing in the way of exports to France of German goods as well as of foreign goods insofar as the latter are exported through the intermediary of Germany:

Licensing system.

Caisse de Perequation.

Levy of $\frac{1}{2}$ Pfg⁷ per kg N (for the benefit of France's nitrogen industry and agriculture).

Prohibitive tariff for technical nitrogen products.

In accordance with political developments, control of the armament industry in those countries which were or still are at war with Germany, will probably have to be expected. Attention should be called to the fact that, for reasons of economic defense, such control, in the field of technical nitrogen, should appropriately begin with raw materials, e. g., with nitric acid and ammonium nitrate. Said control would be a task incumbent among other things, on a new "central office" to be set up, pursuant to the plans of the Nitrogen Syndicate, at the latter's headquarters in Berlin, and should encompass, on the strength of an agreement,⁸ all nitrogenous fertilizers—i. e. also calcium cyanamide which was not taken into account by the former cartel—and nitrogenous products for technical purposes.

Finally it appears important in this connection to refer to the fact that French capital holds an interest in *Norsk Hydro A/S*, domiciled in Norway, with which I. G. maintains close technical and business relations. Said interest, however, is widely distributed and the votes inherent thereto are largely represented by French banks. Individual shareholders are I. G. and its Swiss friends, "I. G. Chemie" in Basle.

8. *Imports.*—In connection with the question of imports, mention should be made of the fact that I. G. has, in the last few years, imported from France and her colonies and mandates an annual average amounting to *approx. RM. 1,100,000* including especially—

Chromium ore

Phosphate

Bauxite

Aromatic substances

Antimony, etc.

I. G. is, of course, greatly interested in securing continuation of the import of these products also in the future. At this point, however, we refrain from making concrete suggestions or requests, since imports of these products for I. G. are relatively small in comparison with the import requirements of the Reich, and since we also assume that the requests of I. G. will be taken into account in drafting the regulations respecting imports from France, which are to be enforced by the appropriate German Government authorities.

⁴ French Nitrogen Office.

⁵ Obviously "imports from North America."

⁶ Nitrate (of soda).

⁷ Abbreviation for German pennies.

⁸ Convention.

We should like to reserve the right to supplement the suggestions and proposals made in this exposition, if warranted, and to cover additional problems which may arise in the course of the negotiations.

EXHIBIT No. 5

NEUORDNUNG (New Order) FOR HOLLAND

I. G. FARBENINDUSTRIE AKTIENGESELLSCHAFT,
82, Unter den Linden, Berlin NW 7, August 23, 1940.

Re: Netherlands.

Ministerial Director Dr. SCHLOTTERER,
Reich Ministry for Economic Affairs,
43 Behrenstrasse, Berlin W. 8.

MY DEAR MR. MINISTERIAL DIRECTOR: Referring to our letter of August 3rd with which we submitted our papers on France relative to the question of the potential reorganization of the European economic sphere, we beg to enclose herewith our outlines on Holland. Our exposition on Belgium will follow shortly.

Heil Hitler!

I. G. FARBENINDUSTRIE AKTIENGESELLSCHAFT,
(Sgd.) WEBER-ANDREAE.
(Sgd.) ILGNER.

P. S.—A letter worded like the above is being sent to: Ministerial Director Dr. Bergemann; Ministerial Director Dr. Mulert; Dr. Ungewitter, Chemical Industry Examining Office.

DEVELOPMENT AND SITUATION OF THE NETHERLANDS CHEMICAL INDUSTRY WITH SPECIAL CONSIDERATION OF GERMAN EXPORT INTEREST, DIVIDED ACCORDING TO SALES TERRITORIES, AS WELL AS SPECIAL PROPOSALS FOR CERTAIN FIELDS OF PRODUCTION

The development and importance of the chemical industry of the Netherlands are characterized, in general, by the fact that her comparatively undeveloped chemical production, which took its initial upswing in the course of the general industrialization during the World War¹ was further expanded during the postwar boom and under the famous planned economy of the Minister of Economic Affairs Gelissen to a point exceeding a quarter of a billion Reichsmarks.

This production which included principally the manufacture of artificial silk, fertilizers, chemicals, mineral dyes, pharmaceuticals, and aniline dyes, showed the following typical features:

1. It was [largely] distributed over a wide range of minor and very small enterprises; only the artificial silk industry developed its well-known large enterprises.

2. Lacking domestic raw materials, it was mainly based on imports of raw materials and semifinished products; and

3. Individual branches [of the chemical industry]—especially in the field of artificial silk, fertilizers, and pharmaceuticals—were geared somewhat one-sidedly, and in increasing measure, to produce primarily for other markets of the European Continent, but in addition they also supplied the American, Asiatic, and African markets.

This typically Dutch penetration of the world markets by chemical exports from the Netherlands—which entailed set-backs in prices and whose importance is illustrated by the credit balances, which even though small are positively held by the Dutch export industry—is, in general, characteristic of the development of the trade policy of the Netherlands.

In contrast to the customary concept, Dutch commercial policy which for decades stood for free trade as the type of foreign trade best suited to the basic structure of Dutch economy, developed after 1930—in line with the new trend arising from the world-wide economic depression and despite all the attempts at establishing liberal foreign trade principles (Oslo) which remained only in theory—into protectionism which, among other things, was characterized by tighter tariff measures, a strict quota system, and deliberate industrialization.

This development started with the undermining of the most favored-nation treatment by means of reciprocal trade agreements, and led—by way of a quota system initiated in 1932 on the basis of the Law of 1931 Governing Imports During the Depression, which was followed by the introduction of quotas through

¹ Translator's note: First World War.

commercial treaties as an instrument of trade policy (Law of Retorsion, 1933) and by the increased customs rates of the new tariff of 1934—to further intensification of the planned economy trend of Dutch industry, as initiated by the Minister of Economic Affairs Gelissen and systematically continued by his successors.

Although, within the scope of this development, Germany was also in a position to secure, through pertinent negotiations, a number of quota preference for her chemical products, this change in Dutch commercial policy which, while breaking the traditional market ties with Germany, aimed at spreading all over the world and multilaterally funding [the Netherlands'] foreign trade, unquestionably was fully carried out at Germany's expense. The fact that the German-Dutch exchange of goods which, as late as 1929, and discounting the Dutch colonies, showed German imports from Holland in the amount of 701,000,000 Reichsmarks and German exports to Holland in the amount of 1,355,000 Reichsmarks, and which, essentially due to compulsory clearing, had by 1938 been cut down to German imports amounting to 197,000,000 Reichsmarks and German exports amounting to 447,800,000 Reichsmarks, clearly reveals the extraordinary loss sustained by Germany as a result of the protectionist development of Dutch commercial policy.

As exports of German chemicals to Holland which, as late as 1929, amounted to 113,500,000 Reichsmarks, and which, by 1939, had dropped to one-third, were considerably affected by this decline in Germany's total exports to Holland, we are of the opinion that, in the course of the reorganization of the German-Dutch relationships, every effort should be made to free German exports to Holland largely from all burdens of a trade political nature (tariffs, quota systems, etc.). In the addition, however, Dutch exports—provided that in view of both the dependence on Dutch raw material, and Germany's unlimited supplying capacity, Dutch production appears at all reasonable, should be so regulated as not to interfere with German exports.

From this general outline we have derived a series of basic proposals which we have listed hereinafter before submitting both a picture of the production and market conditions of the Dutch mother country, and our specific wishes. Since, however—due to the close interlocking relationships between the Dutch mother country and its colonies, the considerable functions of the mother country as an intermediary, the transit nature of certain exports, and the far-reaching scope of international connections converging precisely on Holland—the essential aspects of the Netherlands' over-all economy have not yet been discussed in our report, except for individual problems (such as the Quinine Trust) our statements necessarily represent only a partial picture of our interests in Holland [with her appendages] as a whole. We therefore reserve the right to supplement our description of the Dutch mother country in due time by a systematic presentation of our interests in the Dutch colonies.

With this reservation in mind, we are giving you hereinafter an outline—divided into fields of sale—of the development and status of the Dutch chemical industry, taking into consideration German export interests to which we are adding, in each individual instance, our specific proposals regarding certain fields of production.

I. G.'s oil interests are not yet discussed in this outline. It remains to be decided in concurrence with the Economic Group Fuel Industry ["Wirtschaftsgruppe Kraftstoffindustrie"] whether I. G. shall express its opinion in regard to this matter, or whether said Economic Group will submit its own views on the subject.

BASIC PROPOSALS ARISING OUT OF GERMAN-DUTCH RELATIONS WITH RESPECT TO PRODUCTION AND SALES

As has already been shown above, our exports to Holland were impaired less by the particular trade-policy measures, which were deliberately and exclusively directed against Germany, than by the effects of the *over-all* Dutch commercial policy, the tendency of which was characterized, in recent years, by the fact that, as a result of the application of the principle of reciprocity, the Dutch market became increasingly open to important countries supplying chemical products in competition with us. Dutch commercial policy however, sought to check this development by introducing a quota system applicable to all countries; but, in this connection, it failed on the whole to take into account specific facts and contingencies resulting from the natural market ties between the two economies. If,

therefore, a participation [by us] in the Dutch market, corresponding to the importance of Germany's chemical industry, is to be built up and maintained, such a goal can be attained only by reforming the general Dutch trade policy in favor of German imports. With this in mind, we suggest:

A

1. Development of a Dutch preferential tariff system in favor of Germany. In this connection the absolute rate of the preferential tariff should exclude any effects detrimental to Germany. The extent of such preferential treatment in regard to other countries should be fixed by agreement for each item.

2. Insofar as a quantitative regulation of the exchange of goods in the German-Dutch trade may remain necessary, sufficient quantities will probably be secured for Germany. In this connection [and] with due reference to the necessity of establishing an equilibrium in the Dutch balance of payments, purchases from other countries in particular should be shifted to Germany. Such shifting will have to be accomplished also especially with a view to securing a sufficient market for high-grade exchange materials (e. g., synthetic tanning material, raw materials for varnishes, artificial fibers, synthetic materials).

3. All discriminatory measures as to certificate of origin, compulsory declaration, obligatory registration and like measures should be discontinued.

4. Provisions containing discriminatory features for the use of German products as compared with Dutch products or products of other countries should be eliminated regardless of whether they have been issued by governmental authorities or by syndicates and the like.

B. QUESTIONS REGARDING THE RIGHT OF SETTLEMENT

1. German nationals should be granted residence permits without any restrictions.

2. Work permits should be granted to German nationals in accordance with business requirements at the discretion of German authorities.

3. The free right of establishment should be granted, taking into account the pertinent provisions of the trade police and like authorities which are also applicable to Dutch business enterprises.

C. TAX-POLICY MEASURES

1. The establishment of industrial enterprises of German firms within the meaning of the terminology of the double-taxation agreements concluded by Germany (e. g., branch establishments, manufacturing centers, branches, agencies), as well as the establishment of subsidiaries of German enterprises should not be complicated by tax measures. This shall be construed to mean:

I. *Industrial enterprises.*—(a) Taxation must be limited to the assets set aside for said industrial enterprises, including real estate [as well as], to the profits yielded by them and to their turn-over.

(b) In taxing such industrial enterprises the latter may not be placed in a more unfavorable position than other business enterprises of the country in question with respect to tax classification, rates, or facts of the case.

(c) Profits may not be assessed on the basis of balance sheets of the German parent firm but only on the basis of a percentage of the turn-over of such industrial enterprises. Said percentage should be agreed upon for each individual category of products. In case of dispute a mixed State commission of both countries shall decide.

Insofar as profits of industrial enterprises result from the sale of products which are manufactured in Germany, the assessment of such percentage shall cover only the trading profits and not the manufacturing profits.

II. Insofar as taxation of subsidiaries of German enterprises is concerned, the provisions referred to under I (a) and (b) shall be applicable accordingly.

As to the taxation of profits of such subsidiaries, decisions shall, in principle, be based on their accounting records providing that the latter shall be kept in proper order. If the foreign tax authorities prove that profits resulting therefrom are obviously not in proportion to the profits which are yielded by businesses of the same or similar type, profits shall be computed on the basis of a percentage of the subsidiaries turn-over. In this connection, the provisions referred to under I (c) shall apply accordingly.

DYESTUFFS, AUXILIARY PRODUCTS FOR DYEING PURPOSES, TEXTILE AGENTS

In Holland after the World War there were two firms, which were engaged in the production and sale of aniline dyes and these were the N. V. van chemische Produkten Vondelingenplaat, Schiedam, and the Niederlaendische Farben-und Chemicalien-Fabrik, Delft.

The Schiedam Firm after the end of the World War took up the production of aniline dyes in line with the trend toward the erection of so-called "national" dye plants, which was then prevalent all over the world. The volume of production of the enterprise, judged from German standards, was not very considerable. Schiedam had not only acquired for itself a steadily growing share in meeting Dutch demands for dyes, but in addition exported approximately three-fourths of its total production. We estimate the yearly volume of trade at approximately 3.3 million RM. Because of this company's activity, especially because of its heavy underbidding, German export interests were constantly hurt to a considerable extent.

Schiedam has no source of supply for intermediate products; the company formerly imported the necessary organic basic products from non-German producers, in the past few years, however, began to use German intermediate products, in order in this way to get a return from the proceeds of its sales in Germany.

We have had friendly relations with the Delft firm since 1929. By virtue of an agreement, concluded with us in the year 1933, the company has in principle to make its sales in accordance with general directives given by us. Delft has accordingly been included in the "German I. G." group in international agreements.

Delft's own production was small and, moreover, was based chiefly on primary products bought in Germany. The greater part of the business consisted in the resale of I. G. dyes delivered or mixed or adulterated by us.

The inland sales as well as exports were effected in accordance with the stipulations of the agreement in close cooperation with us; therefore, no harm has been done to German interests by Delft.

Under the circumstances the activity of the firm *N. V. van chemische Produkten, Vondelingenplaat, Schiedam*, could be made to fit in with German interests by limiting the delivery of German intermediate products. Since, however, there is among other things, the possibility after the conclusion of peace that Schiedam will again import intermediate products, for example from the U. S. A. and with products made from these will disturb the world dye market, foresight must be exercised under all circumstances so that no organic intermediate products reach the Dutch market from sources other than German and if in line with the general economic reorganization the Dutch dye industry is considered worth preserving at all.

The same holds true in dealing with the firm *Niederlaendische Farben-und Chemicalien-Fabrik, Delft*.

Hence we propose forbidding the erection and operation of other plants, for the production of dyestuffs and organic intermediate products, consequently the erection of new plants for the production of dyestuffs and organic intermediate products, as well as the manufacture of [those] products not produced heretofore in the plants already existing and the expansion of the present plants. Moreover, we think it advisable that imports of German dyestuffs, dyestuff aids, and textile aids remain exempt from duty as heretofore, and in case that there are any Dutch exports in dyestuffs, dyeing and textiles aids at all, a disturbance of the German export price level be avoided by means of private economic agreements.

2. CHEMICALS

The beginnings of the chemical industry in the Netherlands date back to the period before the World War. Yet it was not until the Dutch market was shut off during this period and afterwards that there was any great development. Especially the production of heavy chemicals has been strongly developed and has led in part to not inconsiderable exports. On the basis of our knowledge of the Dutch market the following is to be said of the development of the various main groups.

Dutch production in the group of those products derived from chlorine by the electrolytical process up to the time of the World War, was not very important. Sales were for the most part for the domestic market. In the development which began later, it was chiefly the N. V. Zentrale Potaschraffinerij Bergen op Zoom, which engaged in the production of potash on the basis of coal residue, which is a byproduct of sugar and alcohol, in Holland and Belgium. With regard to the

increasing production of sugar, Bergen op Zoom was greatly in need of a market after the World War. Our various attempts to come to an agreement with Bergen op Zoom failed. As for this company it was less a matter of obtaining a certain profit, than of being able to sell this commodity generally. Holland's export of potash which must have amounted in the last few years to approximately 2,000 tons yearly, went primarily to Scandinavia, Italy, England, and Australia. As to caustic potash the only Dutch producer formerly, the firm of Jan Dekker, supplied about 50% of the Dutch requirements while the rest was supplied by Germany and France. When the N. V. Koninklijke Zoutindustrie Boekelo appeared on the Dutch market stiff competition ensued, which ended only in the latter part of the year 1939 through an agreement which we concluded with Boekelo and which led to the stopping of caustic potash production by Boekelo.

In the chlorine business Holland had supplied a considerable part of its domestic market from its own production. The remainder was supplied by imports from Germany and Belgium by virtue of agreements with respective producers. There are hardly any Dutch exports of chlorine (in fluid form) to other countries. As to chloride of lime about 1,000 tons per annum went to England.

As to sulphuric acids Dutch production barely covered 50% of the domestic needs. The remainder was purchased up to the present from Germany and Belgium, i. e., at a ratio of about 35 and 19%, respectively, of the total Dutch requirements.

In the field of solvents, the Dutch, that is Nederlandsche Gist-en Spiritusfabriek, Delft, and the N. V. Electro Zuur-en Waterstoffabriek, Amsterdam, appeared on the market about eight years ago. While prior to the war the latter firm produced acetic acid, chlorinated hydrocarbons, ethyl-acetate, and lead acetate from carbide bought elsewhere, it has turned since the beginning of the war to the production of its own carbide and, likewise, has added that of trichloroacetic ethylene. They plan in the future to take up production on a larger scale of other acetylene derivatives. The Nederlandsche Gistven Spiritusfabriek, Delft, recently in addition to its original manufacturing program, has recently been engaged in making other products and has taken up production of fermentation butanol.

As to competition on the Dutch market of [products of] other countries with our own products, it may be considered as insignificant in the field of heavy chemicals insofar as those competitor firms which have not reached an understanding with us, are concerned. In regard to higher grade, special products as for instance various solvents and vulcanization accelerating agents the competition by the U. S. A. was especially noticeable in Holland.

Because of the variety of products to be considered, we have condensed our specific proposals in the following chart.

Products	A Proposals for preference tariffs for exports from Greater Germany to Holland	B Proposals for tariffs to be established between Holland and other countries	C Proposals for German quotas and import licenses with regard to Holland	D Proposals regarding the Dutch market and Dutch exports	E Proposals concerning compulsory licenses for new construction and expansion of plants
Caustic potash of all types and concentrations.*	Preference tariff R.M. 0.50 per 100 kg. net.	Protective tariff R.M. 9 per 100 kg. net.	Germany supplies 50% of the Dutch demand for caustic potash. Import from other countries to be prohibited.	Holland produces only for its domestic market. Co-operation with the German syndicate.	New construction and expansion only upon approval of German authorities.
Potash of all types and concentrations.*	Preference tariff R.M. 0.50 per 100 kg. net.	Protective tariff R.M. 7 per 100 kg. net.	Germany supplies the Dutch demand for potash.	The production of potash from molasses (alcohol) is to be terminated since molasses must be used as fodder.	Resumption of potash production which had been discontinued and construction of new plants may be undertaken only in concurrence with German authorities.
Chloride of lime* Liquid chlorine* Sulfuric acid.....	Preference tariff 5% ad val... Preference tariff 5% ad val...	Protective tariff vis-a-vis other countries at least 25% ad val. Protective tariff 25% ad val.	Germany to be granted import rights. Germany to be granted unlimited import rights. Germany to be granted also rights to import into the Dutch colonies 35% of the requirements.	Holland produces only to supply her own requirements. Holland to be limited to her domestic market, with the exception, if necessary, of her customary sales to DAVV, Bochum, Holland to supply 3/4 of the demand of the Dutch colonies.	Construction and expansion of plants to be subject to licensing. Construction and expansion of plants to be subject to licensing.
Hydrochloric acid.....	Preference tariff 5% ad val...	Protective tariff 25% ad val...	German import rights to be the same as heretofore.	The amount of production to be the same as heretofore.	Construction and expansion of plants to be subject to licensing.
Oleum..... Zinc chloride products containing sal ammoniac. Zinc chloride..... Sodium sulfite..... Sodium bisulfite..... Barium chloride..... Antichlor..... Barium carbonate..... Products containing fluorine and hydrofluoric acid.	Preference tariff 5% ad val...	Protective tariff 25% ad val...	Germany to be granted unlimited import rights.	Since there is no production in Holland, requirements to be supplied by Germany.	Construction and expansion of plants to be subject to licensing.

Sodium sulfide*	Preference tariff 5% ad val...	Protective tariff 25% ad val...	Germany to be granted unlimited import rights.	Besides Germany, only Belgium should be permitted to import into Holland. In case production at Schiedam cannot be discontinued, Schiedam shall be permitted to produce only for its own consumption and not for the remaining Dutch market let alone for export.	Construction and expansion of plants to be subject to licensing.
Potassium chlorate	-----	-----	Germany to be granted right at least to continue former volume of imports; in the case of soda bleaching lye we must see to it that we regain at least our former quota. (1) Right to import into Holland; the amount of such imports remains to be agreed upon, but should be at least 50%. (2) (3) Only Germany to be granted rights to import into Holland. (4) Unrestricted freedom to import [into Holland].	-----	-----
Sodium chlorate	-----	-----			
Perchlorate	-----	-----			
Phosphorus	-----	-----			
Potassium permanganate	-----	-----			
Perchlorone	-----	-----			
Bleaching soda lye	-----	-----			
(1) Bichromates	Preference tariff 5% ad val...	Protective tariff 25% ad val... Protective tariff 25% ad val... Protective tariff 25% ad val... Protective tariff 50% ad val...		No domestic production. Admixing compulsory in the case of synthetic tanning agents.	Construction of new plants to be subject to licensing.
(1) Chrome alum					
(3) Chromic salts					
(4) Synthetic tanning agents.					
Formic acid *	Preference tariff up to R.M. 0.50 per 100 kg.	Protective tariff R.M. 10. per 100 kg.	Germany to be granted import rights.	Dutch producers should not export to Germany. The export of Dutch producers should be restricted to 10% of the German-Dutch export, and should not exceed 350 tons.	Resumption of operations of plants which may have been destroyed by the war as well as the expansion and the construction of new plants to be subject to licensing.
Sodium formate*	Preference tariff R.M. 0.25 per 100 kg.	Protective tariff R.M. 5 per 100 kg.	Germany to be granted unlimited import rights.	As stated above, however, Holland produces only to supply her domestic market and refrains from exporting to the Netherlands Indies.	As stated above.
Calcium formate*					
Oxalic acid*	Preference tariff R.M. 0.50 per 100 kg.	Protective tariff R.M. 10 per 100 kg.	Germany to be granted import rights.	Holland should refrain from exporting to Germany. Holland's right to export to other countries should be 15% of German-Dutch exports, and should not exceed 400 tons annually. Organization of a syndicate.	As stated above.

Products	A Proposals for preference tariffs for exports from Greater Germany to Holland	B Proposals for tariffs to be established between Holland and other countries	C Proposals for German quotas and import licenses with regard to Holland	D Proposals regarding the Dutch market and Dutch exports	E Proposals concerning compulsory licenses for new construction and expansion of plants
Organic intermediate products. (See memorandum of the "Dyes" branch.)	Preference tariff 5-10% ad val. (Also for ethyl chloride).	Protective tariff 50% ad val.	Only Germany to be granted import rights.	The dimethyl sulphate production of the N. V. Nederl. Kininefabriek, Maarsen, which because of its insignificant output is not economical, should be stopped. Maarsen should be compensated by German producers in the form of deliveries at exceptional prices.	Manufacture of intermediate products hitherto not produced and expansion of production should be prevented.
Vulcanization accelerators antiaging chemicals.	Preference tariff 2% ad val.	Protective tariff 25% ad val.	Germany to be granted import rights, if possible, exclusively.	There was no Dutch production.	Licensing should be enforced.
Hexamethylentetramine...	Preference tariff 2% ad val.	Protective tariff 25% ad val.	Germany to be granted exclusive import rights.	There was no Dutch production.	Licensing should be enforced.
Zinc oxide special..... Zinc oxide active.....	} Preference tariff 2% ad val.	Protective tariff 15% ad val.	Germany to be granted import rights.	{ Dutch production of zinc white for paints should not be converted into production of special zinc white for rubber industry.	{ Conversion of production (see D) and construction of new plants should be subject to licensing.
Benzole acid..... Benzoate of soda..... Iron oxide dyes..... Solbrol..... Microbine..... Preventol..... Basillite..... Kauri glue including hardeners. Membranite..... Cohesan..... Cosavult.....	} Preference tariff 2% ad val.	Protective tariff 50% ad val.	.....	.....	{ New constructions to be subject to licensing.
Cadmium dyes.....	Preference tariff 2% ad val.	Protective tariff 25% ad val.	Unlimited import rights.....	So far as we know there is no Dutch production.	Licensing should be enforced.
Molybdate red.....	Preference tariff 2% ad val.	Protective tariff 25% ad val.	As stated above.....	As stated above.....	Licensing should be enforced.
Titanium dioxide.....	Preference tariff 5% ad val.	Protective tariff 25% ad val.	German import into Holland must be maintained.	See E.....	Licensing should be enforced since up to now Germany has supplied the Dutch requirements and can readily continue to do so in the future.

Glycol..... Glycantine.....	Preference tariff 5% ad val.	{ Protective tariff 70% ad val. (as in U. S. A.).	{ Germany to be granted unlimited import rights to supply the Dutch market.	{ A syndicate having its main place of business in Germany should be organized.	{ Holland to be restricted to the production of glycol. Construction and expansion of plants to be subject to licensing since this product is essential to the war economy.
Lithopone } Blanc fixe } to follow.....					
Ethylene..... Ethylene chloride..... Ethylene oxide.....	Preference tariff 5% ad val.	{ Protective tariff 25% ad val. Protective tariff 100% ad val. Protective tariff 50% ad val. (All rates as in U. S. A.).	{ As stated above.....	{ As stated above.....	{ Construction and expansion of plants to be subject to licensing.
Magnesium in any form..... Magnesium alloys.....	Preference tariff 2% ad val.	Protective tariff 20% ad val.	{ Germany should, in principle, be granted exclusive import rights.	{ Heretofore, except for unimportant foundries, there has been no Dutch industry.	{ Licensing should be extended to include the manufacture of half-finished products from light metal, and light metal foundries.
Cerium inflammable metal.....	Preference tariff ad valorem—5%.	Protective tariff ad valorem—50%.			
Cerium mixture.....	Preference tariff ad valorem—5%.	Protective tariff ad valorem—50%.			
Beryllium chloride.....	Preference tariff ad valorem—5%.	Protective tariff ad valorem—25%.			
Beryllium alloys.....	Preference tariff ad valorem—5%.	Protective tariff ad valorem—25%.			
Ferromolybdenum*.....	Preference tariff ad valorem—2%.	Protective tariff ad valorem—20%.			
Ferrovandium*.....	Preference tariff ad valorem—2%.	Protective tariff ad valorem—20%.			
Ferrotungsten*.....	Preference tariff ad valorem—2%.	Protective tariff ad valorem—20%.			
Metallic tungsten*.....	Preference tariff ad valorem—2%.	Protective tariff ad valorem—20%.	{ Germany to supply the entire Dutch demand.	{ Heretofore no production in Holland.	{ Constructions should be prohibited.
Molybdenum metal.....	Preference tariff ad valorem—2%.	Protective tariff ad valorem—20%.			
Vanadium metal and acids thereof.*.....	Preference tariff ad valorem—2%.	Protective tariff ad valorem—20%.			
Nickel metal.....	Preference tariff ad valorem—2%.	Protective tariff ad valorem—15%.			
Precious stones.....	Preference tariff ad valorem—2%.	Protective tariff ad valorem—20%.			
Waterproof emery paper.....	Preference tariff ad valorem—5%.	Protective tariff ad valorem—25%.			
Dry emery paper.....	Preference tariff ad valorem—2%.	Protective tariff ad valorem—25%.			
Alkydals..... Mowilith..... Soligens..... Solvents E 13..... Collodium cotton.....	Preference tariff 2% ad val.	Protective tariff 50% ad val.	{ Germany to be at liberty to import [into Holland].	{ Demand to be supplied exclusively by German producers since there is no Dutch production.	{ Licensing should be enforced after consultation with German industry.

Products	A Proposals for preference tariffs for exports from Greater Germany to Holland	B Proposals for tariffs to be established between Holland and other countries	C Proposals for German quotas and import licenses with regard to Holland	D Proposals regarding the Dutch market and Dutch exports	E Proposals concerning compulsory licenses for new construction and expansion of plants
Butyl alcohol..... Butyl acetate..... Ethyl acetate..... Acetone.....	} Preference tariff 5% ad val..	Protective tariff 50% ad val.	{ Germany to be granted unlimited import rights.	{ Dutch producers should be limited to the production of butyl alcohol, butyl acetate, ethyl acetate, and acetone (other products are not manufactured in Holland) not to exceed 25% of the Dutch market; they should refrain from exporting.	{ As stated above.
Methanol..... Formaldehyde.....	} Preference tariff 2% ad val..	Protective tariff 50% ad val.	{ Germany to be granted unlimited import rights.	}.....	{ Construction and expansion of plants to be subject to licensing.
Thermoplastic synthetic materials and new condensation products.	Preference tariff 115% ad val.	Protective tariff 30-50% ad val. (as in U. S. A.).	Germany to be granted unlimited delivery rights.	No production.....	As stated above.
Trichloric ethylene..... Perchloric ethylene.....	} Preference tariff 3% ad val..	Protective tariff 30% ad val.	{ Germany should be at liberty to import [into Holland].	{ Holland produces up to 50% of her domestic market requirements; the other half should be supplied by German producers.	{ As stated above.
Carbon tetrachloride.....	Preference tariff R.M. 0.50 per 100 kg. net.	Protective tariff no less than R.M. 15 per 100 kg.	Germany to be granted unlimited import rights.	No production.....	As stated above.

*The validity of these data is subject to the approval of the other German Syndicate members. Products to which this reservation applies, are marked with an asterisk. In the case of individual products such as formic acid, cerium inflammable metal and others, we should like to submit proposals with respect to the supplying of the requirements of the Dutch colonies; in these cases, however, it may be more expedient to formulate such proposals only when the structural position of the Dutch Colonial Empire is clarified after the war. Therefore, we refrain at present, from submitting any proposals in connection with this matter.

PHARMACEUTICAL PRODUCTS, DENTAL PRODUCTS, INSECTICIDES AND VETERINARY PRODUCTS "BAYER," SERUMS AND VACCINES BEHRINGWERKE

Prior to the World War Holland did not have an extensive domestic production of pharmaceutical preparations, except for a well-developed industry making quinine products. This latter will be dealt with more specifically later on. There were in Holland at that time, no large pharmaceutical enterprises, which were known outside the country. The small export interests of the more important producers, were for the most part centered in the Dutch colonies, where there was a ready market. Such firms were Brocades-Stheeman en Pharmacia, Neppel which are still in existence and which made good progress in the postwar period, and the Koninklyke Nederlandsche [Royal Dutch Pharmaceutical Trade Association] Pharmaceutische Handelsvereniging which were engaged principally in the production of Galenic preparations, and the firm of Dr. J. Blomberg in the Hague. The two latter are no longer in existence. There is in addition a limited number of smaller laboratories of only local importance (Kerkhoff, Mueller, and several others), which need not be mentioned in this report.

As Dutch production was insufficient to meet the domestic demand, considerable imports had to be made. Germans, British, and French competed with varying success for the lead in sharing in these imports; the Swiss also competed in the last few years before the war. With the growing popularity of special preparations as compared with prescriptions filled individually the German pharmaceutical industry in Holland was able to make good progress from approximately 1905 on; during the years preceding the World War it was about to outstrip by far the other importing countries; the pharmaceutical divisions of I. G. Firms, which are today united under the name of "Bayer" in the ten-year period referred to, did business which increased steadily from 100,000 R.M. to approximately 400,000 R.M. In spite of the years of war and inflation, Germany was able to regain her dominant position, as a few "Bayer" figures will show:

1924	-----	R.M.	642, 000.
1928	-----	R.M.	1, 414, 000.
1932	-----	R.M.	2, 028, 000.
1939	-----	R.M.	2, 213, 000.

Thus Germany held the leading position in Dutch imports of pharmaceutical products to Holland, a outdistancing Switzerland, which in 1939 had attained second place; the French, English, and Belgians—the latter having become more active of recent years—were definitely outstripped.

The domestic producers naturally have likewise tried from 1914 to the present to expand their own production and markets, nevertheless—as the above figures show—there is still a great need for imported products, especially for synthetic specialties.

Among the domestic producers the above-mentioned firm of Brocades-Stheeman is outstanding. It offers serious competition to all German pharmaceutical producers [and], cannot be considered as pro-German. In its relations with German competitors, it has frequently overstepped the borderline of fair competition by getting out mere imitations of German products, whenever it expected such procedure to be rewarding; the firm has not even refrained from making violations of trademarks. Such procedure has in the last few years led to heated but alas thus far unsuccessful discussions between us and Brocades-Stheeman. This firm can hardly be credited with having any creative ability of its own.

The firm of Organon, a postwar organization, has moved up to second place among Dutch producers. It is engaged chiefly in the production of biochemical preparations, a field in which it has had considerable success; the firm is active in every respect; it has also attracted attention in the exporting field. We cannot accuse it of an unfair attitude.

The third largest manufacturer of pharmaceutical products in Holland is the firm of "Katwijk," which especially in its capacity as sales organization of a Dutch group of caffeine and theobromine manufacturers, plays an important part in the exporting field. It produces at the same time a number of pharmaceutical specialties of minor importance.

When Dutch statistics claim that the domestic production in the years 1936-38 equaled an annual average of 30,000,000 R.M. as compared with a total domestic consumption of approximately 25,000,000 R.M. it must be borne in mind that quinine compounds, which with the exception of a minor portion are destined for export, absolutely occupy first place in Dutch production. In the year 1939 exports of quinine compounds alone in the amount of not less than 10,380,000

Dutch florins or 13,701,000 R.M. were made. Listed in the order of importance, these exports went to the U. S. A., Greece, England, Italy, Russia, and Turkey. Production and sale are handled by a company, known as the "Quinine Trust," which prior to the World War was an outgrowth of association of producers of cinchona bark and processors and manufacturers of pharmaceutical products made from cinchona bark. We attach a special report on the Quinine Trust's position on the domestic and world markets and its attitude toward Germany and German manufacturers of pharmaceutical products.

Since 1935, our figures show that sales have been stagnant to a certain extent, which is due among other reasons to the devaluation of the Dutch currency and the result of the general depression.

Our sales efforts since the time of the World War up to the present day have been affected by the ever-active movement in Holland to boycott German products. This boycott, especially noticeable in the first years following the World War, grew less severe in the years between 1925 to approximately 1930. It again became more intense after that and remained so until the beginning of this war, after which time it became even more intense until the time of the invasion by German troops. The boycott movement was strengthened by the heavy influx of refugees and the Jewish-dominated press, which in our field tried among other things to unite the Dutch physicians into Anti-German organizations.

Obstacles of a general nature to the import of German pharmaceutical products, did not exist in Holland. Certain regulations or custom duties, however, did interfere with the unhampered development of our sales.

We feel that high supplementary duties for sugar and products having an alcoholic content to be especially unwarranted, which in addition to the basic custom rate, constitutes too heavy a burden in view of the domestic competition.

Several other regulations governing serums and vaccines such as that setting up a second control in Holland, the fixing of the period of time for which such products may be kept without deteriorating at a year and regulations concerning the labeling of individual ampullas, etc., complicate imports in a way which is unwarranted.

Under these circumstances and by virtue of the fact that the German pharmaceutical industry through its postwar development, has given evidence of its scientific and economic qualifications, we consider the realization of the following requests necessary:

A. The Dutch market must be opened for free competition to a greater extent than heretofore, to the firms representing the German pharmaceutical industry. As to individual important pharmaceutical products, of which there is a domestic production, this free competition shall be regulated by cartel agreements.

In the realization of this general proposal we make the following specific proposals:

1. The maximum tariff rate for pharmaceutical specialities must not exceed a rate of 10 to 15% of the value free at frontier; the high and unjustifiable supplementary duties on alcohol and sugar must be dropped or adjusted in such way that they do not exceed the limit of 15% the value free at frontier when added to the basic custom rate.

2. In assessing profits on sales for tax purposes, a rate of 5% of the sales seems reasonable to us insofar as the pharmaceutical business is concerned.

3. Various administrative regulations, which are in effect in Holland in regard to the pharmaceutical trade must be eliminated or modified in view of their restrictive effect on German products.

(a) Such Government regulations as were issued for the purpose of restricting the importing business in the field of human serums and vaccines must be abolished or adapted to regulations in effect in Germany.

(b) The superfluous and reexamination of human serums and vaccines upon their import into Holland must be discontinued, as German State tests and current supervision by German laboratories are sufficient guarantee of the quality.

(c) Dutch requirements that human serums and vaccines keep [their qualities] for a certain period of time—this period has been fixed at a year in Holland—is for all practical purposes unnecessary and ought to be modified in accordance with German regulation on such keeping qualities.

(d) The petty ruling concerning the labeling of the ampullas containing serums and vaccines must be abolished.

B. In view of the necessity of organizing the whole pharmaceutical industry of the Greater European sphere under the leadership of the German pharmaceutical

industry in such a way that their objectives may be clearly and unmistakably defined it is necessary to assign to the Dutch pharmaceutical industry a proper place in its own country as well as in the exporting business.

In this connection the following points must be made:

1. The Dutch pharmaceutical industry ought to concentrate its attention mainly on the domestic market.

2. Exports by Dutch producers ought to be made only under concurrent agreements regulating prices and markets [concluded] with the German firms of the pharmaceutical industry. This holds true especially for the most important pharmaceutical chemicals, in cases in which they are one of the subjects of collective agreements of world-wide scope.

Quinine Trust

The organization known by the name of "Quinine Trust" occupies a special place on the pharmaceutical markets of Holland and the world. As with its various original firms and later branches, it controls approximately 90% of the world production of cinchona bark or the quinine compounds derived therefrom, it practically has an absolute monopoly.

The Quinine Trust had its origin in the association of producers of cinchona bark and the processors of and dealers in the final products manufactured therefrom, one year prior to the World War, as a result of the initiative and under the leadership of the group of German producers. Germany lost its leadership as a result of the World War. The organization in its present form is composed of the firms mentioned below whose tasks are divided into [three categories] namely the obtaining of cinchona bark and products derived from same, sales, and advertising:

Vereiniging der Chinaproductenten, Amsterdam.

N. V. Amsterdamsche Chininefabrik, Amsterdam.

Bandoengsche Chininefabrik, Bandoeng (Netherlands Indies).

N. V. Nederlandsche Chininefabrik, Maarsen.

N. V. Semarangsche Administratie Mij., Semarang and Amsterdam.

N. V. Administratie Mij., Nedsam (Netherlands Indies) and Amsterdam.

N. V. Bureau voor Kinineverkoop Buramic, Amsterdam.

Combinatie Kininefabriken.

Ned. Ind. Combinatie v. chem. Industrie.

Cinchona Institut, Amsterdam (Bureau tot Bevordering van het Kinine-Verbruik, Amsterdam).

Cinchona bark is obtained almost exclusively in the Dutch colonies and with the exception of such lots as are processed on the spot, passes into the hands of Dutch producers exclusively.

The Chinabuero [Cinchona Office] in Amsterdam, closely allied in its work with the Dutch colonial administration, was organized in order to supervise the agreements made between the two groups and especially to control production, market prices, etc.

The tasks of the Quinine Trust comprise adjustment of production to market conditions and regulation of prices for the purpose of allowing a sufficient profit to producers at all times in view of the fluctuating demands and at the same time to guarantee the profits to the processors. The Chinabuero has been able until now to solve these problems completely so that even today the Quinine Trust's monopolistic position may be considered as unshaken.

The manufacturers of quinine salts and quinine specialities of various countries, among them the German are incorporated as a special organization into the Quinine Trust. The German producers have been able to obtain for themselves an important position on the world market, as Germany, after Holland, definitely ranks second in the world's quinine exports; annual average exports from Germany during the last few years were equivalent to approximately R.M. 6,500,000.

We reserve the right to submit separately specific proposals in this connection. In order to make sure of such cooperation on the export markets, either financial participation in some form or other, or joining German export organizations may be considered. As to the unique position which the so-called "Quinine Trust" occupies in this very connection, we refer again to the attached report.

(3) The industry producing substitute remedies which flourishes especially in Holland and which sold for the most part imitations of German preparations, must be purged in the interest of the German manufacturers of the original products. For this purpose and in agreement with the German firms an investigation of the entire Dutch industry manufacturing these products is necessary, so as to decide in each case which products as mere imitations of German products, must be taken off the Dutch production list.

(4) In the field of human serums the State Laboratory "Rijks-Instituut voor de Volksgezondheit" in Utrecht produces human serums and vaccines without even having a regular sales organization and without regard for the country's limited market capacity. As the entire demand could be met without difficulty by the output of German manufacturers, production by the State Laboratory ought to be either completely stopped or an agreement on prices and sales ought to be reached in order to avoid disturbances of the market.

(5) The manufacture of veterinary serums and vaccines by the State Veterinary Institute ["Rijksseruminrichting Rotterdam"] ought either to be stopped, since in case of heavier demands its output does not suffice to meet the domestic needs, or agreements on prices and sales ought to be made with German suppliers.

(6) A special regulation is also necessary in regard to the Dutch dental [supply] business; the various imitation products of our Carpule System must be eliminated. Moreover a purge of the market in the local anesthetic and dental-cement business would be very much in order, as the numerous small producers have thrown articles on the market which though low in price are inferior in quality. Agreements regulating prices and markets ought to be made with other important producers.

(7) The new regulation on relations between Germany and Holland should be supplemented by a ruling prohibiting the establishment of new enterprises of the pharmaceutical industry in Holland. Furthermore a number of laboratories ranging in size from medium to very small, which for the most part are of only local importance ought to be closed.

(8) Deliveries of supplies to Dutch firms for the production of pharmaceutical specialties ought to be controlled in such a way as to stifle competition in Holland as well as on other markets by Dutch products which are imitations of the original German products.

We challenged Quinine Trust's monopolistic position only once, when after thorough testings we put out our synthetic malaria remedy Atebrin on April 1, 1932, after having previously introduced another synthetic malaria remedy Plasmochin on the market (1928). While Plasmochin represents a valuable supplement to quinine—we had created prior to the introduction of Atebrin several preparations from Plasmochin-quinine compounds which are still widely used to-day. Atebrin may be used to advantage in the treatment of malaria as a substitute for quinine compounds. The introduction of Atebrin on the market gave us a position of independence in that we no longer had to rely on the use of quinine in treating malaria. The superiority of both our preparations is to be seen in the field of therapy as well as that of prophylaxis. It has been attested to in hundreds of reports. All over the world specialists in the treatment of malaria have hailed the introduction of synthetic malaria remedies—in therapy and prophylaxis—as a brilliantly progressive step and noteworthy achievement in the German pharmaceutical industry.

As may have been expected the Quinine Trust opposed our efforts to bring out synthetic malaria remedies, only when we introduced Atebrin. In doing so, it used all the weapons at its disposal. The Quinine Trust always pro-ally first availed itself of the facilities the Malaria Commission of the League of Nations. In view of Germany's politically weak position at that time, it knew how to direct the Malaria Commission's research work and publications in such a way that quinine salts invariably occupied first place on the Commission's recommended list. Moreover the Quinine Trust distributed pamphlets in all countries interested in Malaria control. These pamphlets in order to advertise their own products contained statements derogatory to our synthetic malaria remedies and therefore, became more than once the object of protests by us and caused us to take legal action against the Quinine Trust, i. e., against its branches in certain countries. Another line of propaganda frequently used against us, was that of distributing newspaper articles which to all outward appearances were neutral, in reality, however, were directed against us. These were distributed through camouflaged agencies, as for instance the Bureau tot Bevordering van het Kinine-Verbruik, Amsterdam (Cinchona Instituut, Amsterdam) and the Nachrichtenbuero Vaz Diaz, Amsterdam, as well as other cover-up addresses, which undoubtedly all served the interests of the Quinine Trusts exclusively. Political developments were likewise exploited by the Quinine Trust [to prejudice] certain Governments against German preparations; this is easily explained by the fact that representatives of the Quinine Trust in various countries are non-Aryans. Following the events of May 10 of the current year the Quinine Trust opened a new office in New York, on whose activities we have not had any particulars

thus far. It may be correct to assume that this new organization is to take the place of the former main office in Amsterdam.

In addition to their use as remedies for malaria the quinine derivatives are also frequently used as remedies for simple fever, in tinctures, etc. The percentage of quinine derivatives used for such purposes in relation to the total sales of quinine is estimated at an average of 25 to 30%. In view of the already existing important German quinine interests, it would be desirable in the interest of all Germany if the former unfriendly attitude of the Quinine Trust were to follow a course favorable to German interests. The best way to insure this would be to move the main office of the supervisory organization, the Chinaburo, to Germany. Moreover an agreement on sales, prices, and propaganda ought to be reached between the Quinine Trust and ourselves in our capacity as manufacturers of synthetic malaria remedies, in order to assure to the synthetic products created by Germany, their due share.

4. PHOTOGRAPHIC SUPPLIES

Prior to the World War, Holland had no industry of its own, producing photographic supplies. The demand for photographic supplies was met exclusively by imports. Following the World War, there was established in Soest a domestic Dutch firm, "Photax" which produced roll films, films for X-rays, phototypes, and films for technical purposes. The firm later went into bankruptcy and was reopened only in the year 1939 under the name of "Neederlandsche Fotografische Industrie N. V.," under the management of Mr. Dale, the former manager of Kodak. The capital which is said to be of Dutch origin, amounts to 250,000 Dutch florins. The firm is making certain efforts to expand its business, which, also includes the sale of articles formerly produced by "Photax," by manufacturing cheaper cameras. The result of its efforts is not yet known. Formerly the firm did not offer us any competition worth mentioning. On the other hand, we had to fight against stiff American, English, and French competition. Nevertheless, during the period from 1924 to 1933, we were able to increase Agfa sales from 295,000 R.M. to 1.8 million R.M.

In the year 1933 we were hampered in our efforts to export to Holland by the development of a strange anti-German political feeling on the part of the Dutch which had a noticeable effect on our sales up to the year 1937. After September 1936, the devaluation of the guilder constituted an additional obstacle to [our] exports. For this reason our exports in the year 1937 suddenly dropped to 1.3 million R.M. To be sure we succeeded in increasing [the amount] of sales to 1.4 million R.M. until the year 1939. This increase, was due solely to the fact that we introduced into Holland high-quality products of a completely new type. We were never able again to reach our maximum sales figure of the year 1933. Thus sales of raw films for instance, which had amounted to 150,000 R.M. in the year 1931, dropped to 21,000 R.M. 1939. At the present we have only the competition of French and Belgian firms with which to reckon. Especially disturbing are the low prices of the Belgian firm of Gaeverit which considerably complicate if not altogether defeat our purpose gradually to bring Dutch prices to the German level.

The exports were not complicated by quota measures. On the other hand the ad valorem duties for photographic supplies were rather high. They amounted to from 10 to 20%. To this was added a uniform compensation tariff of 1%; furthermore a sales tax of 4% was levied. It was also very difficult to obtain residence and working permits. Only those persons who could furnish proof of residence and business activity of many years standing in the country could count on obtaining residence permits without limitation or on having them extended.

The Dutch currency manipulations had likewise had unfavorable effects on our business, they threw Holland wide open to smuggling and other dishonest importing tactics, as a result of which our business in Holland, especially in rolled films and high-quality cameras, suffered considerably.

In view of the future organization of our business in Holland in the field of photographic supplies it would be desirable if the aforesaid firm "Neederlandsche Fotografische Industrie N. V.," Soest, were closed, as the Dutch market can be fully supplied by the German photographic industry and it is just possible that Dutch competition may be stopped in the period of reconstruction. We have made this proposal before to the Reich Ministry of Economics in our letter dealing with the future relationship of German firms to Dutch enterprises.

It would be desirable furthermore if in the raw film field the English firm of Kodak and the Belgian firm of Gaevert could be prevented from placing their goods on the Dutch market at the extremely low prices set by them thus far.

Lastly it would be desirable if a tariff rate of not more than 2 to 5%, were introduced as preference tariff for German products. In this connection discontinuance of the 1% compensation tariff, as well as the 4% sales tax ought to be considered.

5. AROMATIC SUBSTANCES

In Holland there were and still are a great many firms which produce aromatic substances. They produce a number of aromatic substances for which foreign raw materials are required. As they are able to buy these raw materials from France at excessively low prices, they offer sharp competition to German producers. French and English producers of aromatic substances, offering the same at very low prices, were likewise represented on the Dutch market. After 1933, in addition to complications resulting from such competition, Germany also had to struggle against those other (well-known) difficulties, which had their origin in the devaluation of the Dutch currency, boycotting of German goods, etc.

The Dutch aromatic substances industry has not been limited to the Dutch market alone. It has on the contrary, to a considerable extent, supplied the Far East and caused us to make considerable sacrifices in price on these markets on account of its own low price range.

In the interest of the German aromatic substances industry and its export trade, it would be desirable that the further development and expansion of the Dutch synthetic aromatic substances industry be made subject to licensing.

Dutch producer firms should be compelled to join existing international cartels if they do not already belong. Such cartels would deal with matters concerning vanillin, ethyl-vanillin, and benzyl products.

6. ARTIFICIAL SILK AND CELL WOOL

The data on problems pertaining to artificial silk and cell wool are sent to the Reich Ministry of Economics by the technical division "Chemische Herstellung von Fasern" ["Chemical Production of Fibers"] in behalf of the entire German industry.

7. NITROGEN AND NITROGEN PRODUCTS

The demand by Dutch agriculture for *nitrogen fertilizers* was met prior and subsequent to the World War by Chile saltpeter. Of the annual total consumption of approximately 20,000 tons N, Chile saltpeter represented approximately 90%. The output of byproducts resulting from same was at that time still comparatively small and for the most part was for export. While this situation prevailed the Nitrogen Syndicate began to export its products to Holland in 1922-23. By means of expert sales policies and large-scale advertising the Syndicate succeeded in time in forcing Chile saltpeter from its dominant position and limiting to about 10% the latter's share in the total nitrogen consumption by Dutch agriculture, which due to the promotion policy of the Syndicate had been increased in the year 1939-40 to about 115,000 tons N (not including lime nitrogen).

In view of this steadily increasing demand for nitrogen fertilizers and the progressive development of Dutch agriculture, beginning in 1929 three enterprises were organized in Holland, which until that time had not had any synthetic nitrogen plants of its own. These were:

Staatsmijnen in Limburg (State Coal Mines) (capacity, 56,000 tons N; capital, 43.0 million Dutch florins; principal shareholder, Dutch Fisc).

Mekog, N. V. Maatschappij tot Exploitatie van Kooksoevengassen te Ymuiden (capacity, 18,000 tons N; capital, 1.0 million Dutch florins (issued); principal shareholders, De Bataafsche Petroleum-Maatschappij (Royal Dutch Shell Group) (70% Kon. Nederl.; Hoogovens-en Staalfabrieken N. V. 30%).

Compagnie Neerlandaise de l'Azote S. A., Sluiskil (capacity, 35,000 tons N; capital, 125.0 million Belgian francs; principal shareholders, Montecatini, Milan majority (Belgian-Italian financial consortium).

The Staatsmijnen as well as the Compagnie Neerlandaise de l'Azote S. A. use the Fauser process, a modification of the NH_3 synthesis, which in turn closely follows the Haber-Bosch process. The Mekog uses the Mont Cenis process, which is likewise an adaptation of the Haber-Bosch process.

Toward the end of the year 1929 the first nitrogen produced in Holland, principally sulphate of ammonia, appeared on the Dutch market. The first deliveries of calcium nitrate followed soon, thereafter (the calcium nitrate was produced by Mekog according to a process for which it was licensed by I. G.) Until the year 1929, at which time the Dutch nitrogen industry first introduced its own products on the market, the Nitrogen Syndicate had taken over for itself about 70% of the whole Dutch market in nitrogen fertilizer.

When, in the year 1931, for the first time a cartel agreement of European producers of nitrogen was concluded, the German group and the Dutch producers reached an agreement concerning the Dutch market. This agreement was concluded in view of the Dutch domestic production which increased as more and more plants began to operate. This agreement principally regulated the sales quotas on this market and necessarily signified to the Syndicate a considerable decrease in sales as compared with its former sales in Holland. At the end of each period for which an agreement was in force or upon the renewal of a cartel agreement, the Nitrogen Syndicate was forced to make further sacrifices of some of its markets. The reason for this was the growing expansion of the Dutch nitrogen industry—an expansion, which in view of the agreements concluded ran contrary to them—and in particular the pressure brought to bear by the State-owned plants, which continued to expand their capacity under the cloak of utmost secrecy.

Measures of the Dutch Government strengthened the position of Dutch producers during negotiations concerning cartel agreements to the extent that in the spring of the year 1939, the Government in the interest of Dutch industry ruled that the quota system be applied to imports of nitrogen products. Originally the quota system adopted by the Government limited the Nitrogen Syndicate to exports [to Holland] of such quantities, as were made in the fertilizer year 1932–33. However, on January 1, 1935, the Dutch Government reduced the quota to 50% and on July 1, 1935, to 30% of the original quantity.

As a result of the aforesaid measures the import quota, as stipulated by Government regulations proved to be insufficiently large to permit the Nitrogen Syndicate its quota as agreed upon with the Dutch group and therefore another agreement between the Dutch and German Governments had to be made; accordingly a German-Dutch nitrogen agreement was reached which for the period of time it was to run, was to set the Standard for German nitrogen imports. By virtue of this agreement between the Dutch producers and the Nitrogen Syndicate it was possible at least to assure unobstructed imports under the German quota without prejudice to the aforesaid Government quota regulations. This situation shows to what extent the Nitrogen Syndicate was dependent on an agreement with Dutch producers, while on the other hand the Dutch Government, in contrast to its industry, was obviously interested in continuing some of the imports of nitrogen from Germany to Holland, as it did not want to forego [the opportunity thereby to utilize] credits which were available to it under the clearing system.

When nitrogen agreement ended at the beginning of this war, i. e., in October 1939, a new agreement was concluded between the Nitrogen Syndicate and the Dutch group which again secured the former's quota (20%) in supplying the Dutch market. This agreement has, thus far, not been canceled by either side.

Attention must be called to the fact that the output of the Dutch nitrogen industry computed on the basis of the [customary] units of N would have sufficed to meet the demand of the domestic market. As to qualities, however, the Dutch industry could not satisfy the demands of domestic agriculture, especially in regard to lime nitrogen so that the imports from Germany centered for the most part on this product. Notwithstanding the fact that their own domestic market had to be supplied from abroad, the Dutch, for reasons of commercial policy, attached great importance to the development of their export trade. Exports were made after 1932–33 in accordance with the agreement of the European nitrogen producers.

In addition to its need for saltpeter and ammonia fertilizers, Holland also needed approximately 30,000 tons of lime nitrogen. The latter was supplied chiefly by imports from Yugoslavia and Norway.

The establishment of a carbide plant in Amsterdam was planned in 1938. The plan was to produce at the same time in this plant approximately 30,000 to 40,000 tons of lime nitrogen in order to make Holland independent in regard to imports of this product. The production of carbide was begun meanwhile—i. e., in the early part of May 1940—with two lime kilns. We have had no .

specific information up to the present on the beginning of the lime nitrogen production which was to be taken up in October 1940.

In our report on France, we have already indicated that it would be impracticable particularly in regard to the nitrogen field, to consider each country as a separate unit, in dealing with such problems as are bound to originate within the framework of the reorganization of the European economic sphere. In the same way the Dutch nitrogen production within the framework of the prewar European nitrogen agreement (CIA) could not—and certainly in the future—cannot, be isolated from the total European nitrogen production and therefore cannot be considered individually. German-Dutch relations in the nitrogen field, on the contrary, must rather be made to fit into the organizational structure which the greater German economic sphere is to have after the end of the war.

In order to assign to the nitrogen industry its proper place within the European economic sphere and to establish its relationship to the rest of the world [the following] three major problems must be solved individually, and at the same time be brought into accord with one another:

(1) Development of agriculture in the European sphere and its relationship to the agriculture markets of the world.

(2) Classification of European nitrogen markets with special regard for the necessity of importing Chile saltpeter for reasons of commercial policy and control of nitrogen exports from the European economic sphere to the other nitrogen markets of the world.

(3) Direction of the expansion of the nitrogen industry within the boundaries of the greater German economic sphere and exerting a dominant influence upon the development of nitrogen production in the rest of the world.

These problems are so interlocked that they must be considered in relation to their interdependence, in reorganizing the nitrogen industry.

It is desirable for the future that Germany—in a similar way as proposed for other markets—receive *preferential treatment* in Holland in regard to all imports of nitrogen of every type. By this measure especially, the North American imports and Chile saltpeter imports shall be excluded or controlled, respectively. Chile saltpeter can be substituted by other synthetic nitrogen products as has been the case in Germany.

For the purpose of protecting German exports to Holland, all export limitations must be modified or eliminated in regard to German goods and foreign goods insofar as the latter are reexported from Germany (as, for instance, the quota system which recently existed in Holland).

EXHIBIT No. 5-A

NEUORDNUNG (NEW ORDER) FOR DENMARK

The promotion proper of the chemical industry of Denmark is more or less only a segment of the industrialization policy followed since the last universal economic crisis, which considered the development of Denmark into an agricultural-industrial country as an appropriate way out of the difficulties arising from the agricultural crisis.

A change in policy from free trade to reciprocal trade was the first step of said determined industrialization attempt which was designed both to remedy the structural weakness of Danish economy that specialized unilaterally in agriculture, and to offset the lack of equilibrium between the Danish balances of trade and payments. In keeping with this objective, the exchange law of 1932 which was enforced by the well-known Exchange Office ["Valutakontor"] and which was originally intended only as a currency-policy maneuver, was soon refined into a perfectly valid politico-economic instrument in the nature of a State import monopoly, and in addition thereto, the Exchange Office was given the opportunity gradually to become a regular planning center for purposes of Danish industrialization.

The effects of the change which was thus brought on, could hardly be over-emphasized. It involved not only a change from most-favored national treatment to reciprocity, from free trade to protectionism, from imports from Germany to imports from England, but, at the same time, also a decisive breaking point in Denmark's internal economic policy, which as a result of the ensuing violent conflict between farmers and trade unions, tended to swing further in the direction of determined industrial promotion.

Consequently, from 1932 on, imports of finished products were repressed while imports of industrial raw materials and investment goods were urged—a procedure which among others affected also Germany as a supplier of finished products. At the same time, under the aegis of the exchange law, the so-called Exchange Office industries were promoted, i. e., a colorful array of large and small enterprises handling any kind of processing materials and lines of production.

Despite the rapid progress of industrialization process, which raised the volume of production by 20% as early as 1935, and although said industrialization came close to fulfilling one of the essential points of the program of the Danish Government as a result of the decrease in unemployment which it entailed, the absolute limits for Danish industrialization, however, soon became apparent. The exclusion of industrial imports from abroad resulted automatically into a corresponding decrease of exports of Danish agricultural products. Since, in addition thereto the hopes of increased Danish industrial exports were not fulfilled, and, on the other hand, the balance of trade which, for lack of domestic resources of raw materials, showed a marked tendency, due to increased imports of industrial raw and auxiliary materials, toward growing liability, there was only one possibility left open under the pressure of rising debts. The industrialization policy had to be given up and, while favoring the large countries that were customers of Denmark, exports of agricultural products had to be insured by resorting to a greater reciprocity. The latter policy had to be reverted to as a renewed principle of Danish economic policy.

Although the principle of this new policy was correct, it entailed another negative development as a result of too close relations with England. As a result of the reduction in Danish exports which was precipitated by the [British] Empire's agricultural protectionism and due to a simultaneous slump in prices, this negative development was drastically heightened.

The necessity for revising the traditional concentration of Denmark's trade policy on England by rebuilding the relations with Germany, was, therefore, clearly recognized even prior to the war, all the more as the greater German market was the only one which fully met the basic needs of Danish national economy, i. e., maximum export of agricultural products against maximum import of a wide assortment of finished high-quality products.

The fact that today Denmark has at her disposal in Germany a growing credit balance as a result of her unobstructed agricultural exports at high prices, confirms that the revision which was quickly forced on her by the war was justified. The disadvantage which still exists today due to Germany's occasional inability to effect counterdeliveries, is merely a result of the war and can, therefore, not be construed as a pertinent objection to the elementary foregone conclusion that, in normal times, Germany will be in a position to pay for the entire surplus of a Danish agricultural production running in high gear, by furnishing any quantity of finished products needed for the Danish market.

These brief references to Denmark's economic and commercial policies already reveal the prerequisites for Danish *chemical economy*:

1. In the first place, her [productive] capacity is absolutely insignificant due to the fact that the country concentrates predominantly on agricultural production, as well as for lack of domestic raw materials and fuel (except for cryolite peat, dairy byproducts, waste meat). The industrialization policy of the Exchange Office has—it is true—promoted especially the development of the chemical industry. However, the fact that this determined promotion did not result in more than 250 enterprises with approximately 5,000 workers and a total production amounting to 65,000,000 Rm., clearly shows that said promotion has attained its optimum within the framework of Danish national economy.

2. The factors responsible for this limited volume are, on the one hand the operational organization of the chemical industry which includes, except for the leading "A. S. Dansk Svovlsyre-og Superphosphatfabriek" Copenhagen, only a few medium-size and generally small plants, and, on the other hand, the relatively simple structure of its production. In the foreground, in addition to the superphosphate industry which works on the basis of foreign phosphates, there is the sulphuric-acid production which, being operationally connected with the former, is dependent on imports of pyrites, and along with which the production of caustic potash, condensed gases and casein as well as the refinement of cryolite, which is a raw material under the monopoly of Denmark and Greenland, deserve mention.

The following are also noteworthy:

The paint, varnish, and printer's-ink industry, which developed as a result of great requirements in the domestic market, as well as a remarkable pharmaceutical industry which, while utilizing domestic waste-meat products, has become

specialized, as is known, in the field of endocrine and like biochemical preparations and more particularly, in the production of insulin.

3. As a natural result of the politico-economic necessity of receiving compensation for large agricultural exports in the form of imported industrial goods, and as a result of the lack of basic raw materials in Denmark proper, and the consequent production of only a small amount and limited choice of chemical products, the chemical economy of Denmark is dependent, almost more than that of any other country, on imports of chemical products from neighboring countries which are customers of Denmark, in order to meet the diversified needs of a national economy such as that of Denmark.

Denmark's chemical imports, which amount to approximately 60,000,000 R.M. (1938), are therefore not much below the volume of her own [domestic] production. Regionally speaking, practically all imports come from Europe and in this connection considerable preference is given Germany which supplies almost one-half; the other [principal] imports come from England, Norway (nitrogen), and Switzerland. Insofar as countries overseas are concerned, Chile as a supplier of nitrate, is the only one of interest.

In order of material importance, imports of nitrogenous fertilizers are by far the leading commodity as they represent one-third of the total imports, and are followed by chemicals, artificial silk, pharmaceuticals, dyes, varnishes, photographic articles, and synthetic materials.

In comparison therewith, Denmark's chemical exports, which amount to less than 10,000,000 R.M. (1938), are insignificant. They include principally special products such as insulin, casein, butter, and casein colors which are predominantly exported to neighboring countries in Europe.

The conclusions which may be drawn from these fundamental considerations for purposes of incorporating Danish chemistry into the framework of organized over-all planning, are obviously the following:

1. The chemical industry of Denmark, insofar as its size and organization are concerned, corresponds no doubt to the structure of Danish national economy. Only in the sector of pharmaceutical production would it be necessary to study whether individual corrections of the present [productive] capacity would be necessary.

2. Both the lack of domestic raw materials and fuel, and the politico-economic necessity of providing compensation for the large agricultural exports in the form of industrial imports, justify the assumption that the equilibrium of Denmark's chemical economy, which is based on minor domestic production and large imports, should not either be changed in the future.

3. Within the framework of German-Danish trade policy, it will be necessary since exports of Danish agricultural products are being increasingly shifted to Germany, to make corresponding allowances for Danish imports in order to secure a sound equilibrium of trade balance.

Based on this general trend of thought we are submitting to you hereinafter an exposition, arranged according to our fields of sale and showing the status and development of Denmark's chemical economy. This exposition, while being fitted into the framework of German export interests, also includes requests which we have formulated in connection with specific fields of production.

BASIC PROPOSALS ARISING OUT OF GERMAN-DANISH RELATIONS WITH RESPECT TO PRODUCTION AND SALES

As a result of the fact that Denmark's economic policy had already prior to the war been adjusted increasingly to the necessity of seeking a compensatory feature for her deteriorating relations with England through the development and promotion of German-Danish trade relations, it will be necessary, in planning the basic structure of German-Danish intercourse, systematically to develop the individual changes forced by the war to the detriment of England and for the benefit of Germany, and to remove, in line with such development, especially those disturbances which, until now, have burdened the German-Danish trade policy.

In order to achieve this fundamental objective, we wish to suggest as possible measures, the following:

A. MEASURES IN THE FIELD OF TRADE POLICY

1. Danish [foreign] exchange regulations which may still be required after the war, should be formulated in such manner that disadvantages in respect of Germany and in favor of third countries, as could for example be noticed in favor of England during the last few years prior to the war, will no longer be possible.

2. Insofar as quantitative regulation of the exchange of goods in German-Danish trade may remain necessary, sufficient quantities should be secured for Germany. In this connection, while bearing in mind the necessity of establishing the equilibrium in the Danish balance of payments, purchases from third countries, and more particularly those from England, should be shifted to Germany. Such shifting will have to be accomplished especially with a view to securing a sufficiently great outlet from high-quality substitute materials [Austauschstoffe] (e. g., synthetic tanning materials, raw materials for varnishes, artificial fibers, and other synthetic materials).

3. The Danish tariff should be revised for the purpose of eliminating such burdens as have proved to have primarily an adverse effect on imports of German products. (To a large extent, this may not be required since, e. g., in the chemical field the Danish tariff has, in general, already become bearable.)

4. It might be advisable to study the possibility of developing a preferential tariff system in favor of Germany. In this connection, the absolute rate of the preferential tariff should forestall any prohibitive effects to the detriment of Germany. The extent of such preferential treatment as compared to third countries should be established by items, and should be agreed upon. However, in this connection, considering the generally bearable Danish tariff level, a sufficient margin of preference could be provided in part only by increasing the tariff rates for imports from third countries, or by introducing new import duties on items which hitherto have been imported free of duty.

5. All discrimination in the fields of certificates of origin, compulsory declarations, obligatory registrations, and similar measures should be gradually discontinued.

6. Measures involving discriminatory features directed against the use of German products while favoring, in comparison therewith, Danish products, or products of third countries, should be removed, no matter whether they have been taken by governmental authorities or by syndicates and the like.

7. In connection with the issuance of regulations which may be expected in the field of exchange and currency policy, the German interests should be borne in mind.

B. QUESTIONS REGARDING THE RIGHT OF SETTLEMENT

1. German nationals should be granted residence permits without any restrictions.

2. Work permits should be granted to German nationals in accordance with business requirements at the discretion of German authorities.

3. A free right of establishment should be granted, taking into account the pertinent provisions of the trade police and like authorities which are also applicable to Danish business enterprises.

C. TAX-POLICY MEASURES

The establishment of industrial enterprises [Betriebsstätten] of German firms, within the meaning of the terminology of the double-taxation agreements¹ concluded by Germany (e. g., branch establishments, manufacturing centers, branches, agencies), as well as the establishment of subsidiaries of German enterprises should not be complicated by tax measures.

This shall be construed to mean:

1. *Industrial enterprises*.—(a) Taxation must be limited to the assets set aside for said industrial enterprises, including real estate, [as well as] to the profits yielded by them, and to their turn-over.

(b) In taxing such industrial enterprises the latter may not be placed in a more unfavorable position than other business enterprises in Denmark with respect to tax classification, rates, or facts of the case.

(c) Profits may not be assessed on the basis of balance sheets of the German parent firm, but only on the basis of a percentage of the turn-over of such industrial enterprises. Said percentage should be agreed upon for each individual category of products. In case of dispute a mixed State commission of both countries shall decide. Insofar as profits of industrial enterprises result from the sale of products which are manufactured in Germany, the assessment of such percentage shall cover only the trading profits and not the manufacturing profits.

¹ It is the translator's belief that these are agreements for the avoidance of double taxation within the meaning of U. S. treaty terminology.

Z. SUBSIDIARIES

Insofar as taxation of subsidiaries of German enterprises is concerned, the provisions referred to under 1 (a) and (b) shall be applicable accordingly.

As to taxation of profits of such subsidiaries, decisions shall, in principle, be based on the subsidiaries' accounting records providing the latter shall be kept in proper order. If the foreign tax authorities prove that profits resulting therefrom are obviously not in proportion to the profits which are yielded by businesses of the same or a similar type, profits shall be computed on the basis of a percentage of the subsidiary's turnover. In this connection, the provisions referred to under 1 (c) shall apply accordingly.

DEVELOPMENT AND STATUS OF DENMARK'S CHEMICAL ECONOMY TAKING INTO SPECIAL CONSIDERATION GERMAN EXPORT INTERESTS ARRANGED ACCORDING TO FIELDS OF SALE, AS WELL AS PARTICULAR PROPOSALS FOR SPECIFIC FIELDS OF PRODUCTION

1. DYESTUFFS, AUXILIARY PRODUCTS FOR DYEING PURPOSES, TEXTILE AGENTS

I

Up to the time of the World War the Danish dyestuff market was supplied exclusively by Germany and Switzerland. In 1913 Germany supplied 75%, and Switzerland 25% of all the dyestuffs in Denmark. At that time, the entire Danish dyestuff business amounted to about M. 850,000. In the course of the economic developments following the World War a wave of industrialization especially in the textile field, also came over Denmark, as it did in other countries. As a result of this industrialization the dyestuff market was considerably enhanced. In the years 1937-38 Denmark bought an average of approximately M. 2.8 million worth of dyestuffs, auxiliary products for dyeing purposes and textile agents as compared with M. 850,000 in 1913. These requirements however, were no longer supplied by Germany and Switzerland alone; after the World War, English competitors made a special effort to gain a foothold in the Danish market. Consequently in the years 1937-38, Germany supplied an average of only 65% of the requirements of the Danish market.

There was practically no domestic dyestuff industry, only the firm of *Sadolin & Holmblad, Copenhagen*, produced a small amount of organic dyestuffs from intermediate products, which it bought. In about 1939 the firm of *Sadolin & Holmblad* began marketing its products in the Northern² countries and later on it extended its competition to former Austria, Czechoslovakia, Yugoslavia, and several other European countries where it upset the price level maintained by us. In spite negligible success in its sales, *Sadolin & Holmblad* proved extremely disturbing in connection with Germany's attempt at improving its foreign exchange situation.

II

We are therefore taking the liberty of making the following suggestions:

1. We are trying to enlist the support of official agencies in our planned private business negotiations with the firm of *Sadolin & Holmblad, Copenhagen*, which are designed to restrict activities of said firm to the domestic market.

2. In principle, the construction of plants for the production of dyestuffs and intermediate organic products should be subject to licensing.

3. Imports of dyestuffs, auxiliary products for dyeing purposes, and textile agents should remain duty-free.

4. The quota and licensing system in Denmark should be so organized as to let only Germany supply the required imports of dyestuffs, auxiliary products for dyeing purposes and textile agents unless it were advisable to make exceptions for politico-economic reasons.

2. CHEMICALS

In Denmark, domestic production is limited to sulphuric acid and superphosphate factories, and chlorine-electrolysis plants. "A. S. Dansk Svovlsyre-og Super-phosphat fabrik, Copenhagen" is the largest of the five existing sulphuric acid and superphosphate plants. The total annual output of sulphuric acid in Danish enterprises amounts to about 180,000 tons of monohydrate.

² Obviously: Scandinavian.

"Dansk Sojakagefabrik A. S.," Copenhagen, with which we have agreements concerning the volume of its production, is the largest producer in the field of chlorine electrolysis. Denmark's additional requirements were supplied almost exclusively by Germany despite considerable efforts by English competitors [to wedge themselves into these imports].

In 1938, the last year for which Danish import-export statistics are available, Germany supplied 64% of Danish import requirements—Great Britain, 16% and Sweden, 6%. In 1937 Germany took 19% of Danish chemical exports, Great Britain 12% and Sweden 9%. About 85% of the Danish exports to Germany consisted of casein. In 1938, 6% of Danish exports of chemicals went to Germany, 8% to Great Britain, and 8% to Sweden. In 1938 only 76% of the [Danish] exports to Germany consisted of casein.

II

The above-mentioned data shows that Denmark could be considered by us as an important competitor and in general did not hamper German imports to any appreciable extent.

The following sales data gives a more or less accurate idea of the volume of our chemical exports to Denmark:

1937	approximately	1.4	million	R.M
1938	"	1.6	"	"
1939	"	2.9	"	"

The principal items thereof were solvents, raw materials for varnishes, ceramic paints, chlorine products, and alkalies.

III

In the following chart we are formulating individual requests concerning our various products and in this connection, we should like to express the wish that further development of the chemical industry in Denmark shall not take place.

Sodium sulfide*	317 b 6	Free of duty, if necessary 5% ad val.	Protective tariff 25% ad val.	Germany to be granted the right to import 50% (?) of the Danish market.	No production.	Prohibition to set up new plants.	No production.
Potassium chlorate	293 4	Free of duty, if necessary 1% ad val.	Protective tariff 50% ad val.	Germany to be granted exclusive import rights.	Exports to Germany shall be prevented since German requirements can be supplied out of domestic production.	Yes	Unknown.
Sodium chlorate	317 c 4						
Phosphorus	269 4						
Phosphoric acids	317 v 4						
Permanganates	306 and others 8						
Acidproof putties made on an artificial resin base.	226/390 8						
Liquid artificial resin products for mixing of acidproof putties made on artificial resin base.	381 b 96						
Acid-proof putties made on potassium silicate base.	226 8						
Fireproof putties made on potassium silicate base.	223 8						
Acid-proof mortar containing water glass.	226 8						
Bituminous insulating varnishes.	243 364/261						
Manganese and zinc phosphates and solutions thereof for purposes of rust prevention.	390 4						
Formic acid*	317 t 8	Free of duty, if necessary R.M. 3.	Protective tariff R.M. 15 per 100 kg.	Germany to be granted unlimited import rights.	No production.	Yes	No production.
Oxalic acid (including oxalates)*	276 8	Free of duty, if necessary R.M. 1.					
Bichromates	305 4	Free of duty	Protective tariff 30% ad val.	Import rights amounts to be agreed upon.	No proposals, since there is no domestic production.	Yes	Do.
Chrome alum	299 4		do	Unlimited import rights.			
Chromic salts	317 s 4		do	do			

Products	German-Danish items	A Proposals for preference tariffs from the Greater German Reich to Denmark	B Proposals for tariffs to be established between Denmark and other countries	C Proposals for German quotas and import licenses with regard to Denmark	D Proposals regarding the Danish market and Danish exports	E Proposals concerning compulsory licenses by German authorities for new construction and expansion of plants	F Domestic production capacity
Synthetic tanning agents.	384 4		Protective tariff 50% ad val.				
Organic intermediate products (see memorandum of the "Dyes" branch).	217 v 8 and others.	Free of duty, if necessary up to 5% ad val.	do	Germany to be granted exclusive import rights.	Export to be prohibited.	Yes	Unknown, but very insignificant.
Vulcanization accelerators antiaging chemicals.	317 v 8 and others.	Free of duty, necessary 2% ad val.	Protective tariff 25% ad val.	Germany to be granted unlimited import rights.	No domestic production. Demand to be supplied exclusively by Germany.	Yes	No production.
Benzoin products	317 m 8	Cancellation of the 10% additional ad valorem duty, introduced 3/27/40.	Protective tariff 50% ad valorem.			Yes	
Iron oxide dyes	329 53	do	do			do	
Membranite	381 b 96	do	do			do	
Cadmium dyes	332 53	Tariff as before, D. cr. 1 per 100 kg. Cancellation of the 10% additional ad valorem duty.	Protective tariff 25% ad valorem.	Germany to be granted unlimited import rights.	As far as we know there is no Danish production.	Prohibition to build plants.	Do.
Molybdate red	do	do	do	do	do	do	
Titanium dioxide	332 53	Free of duty, cancellation of the 10% additional ad valorem duty.	do	do	Germany has thus far supplied the Danish requirements and should continue to do so in the future.	do	
Igelite	381 b 94	Free of duty	Protective tariff 30-50% ad val. (as hitherto applied in U. S. A. and England).	do	No production	Yes	Do.
Oppanol	94	do	do	do	do	do	Do.
Luresine	8	No more than 5%	do	do	do	do	Do.
Emulsions	96	do	do	do	do	do	Do.

Acetic acid	277 44	Free of duty	Protective tariff 50% ad val.	do	No domestic production except for glyptal resins.	Licensing requirement in which German industry should be given a strong voice; if at all possible prevention of glyptal resin production.	See D.
Acetic anhydride	277 8	do					
Acetone	349/4 350	do					
Methanol	350 7	do					
Formaldehyde	350 8	do					
Acetaldehyde	351 8	do					
Crotonaldehyde	317 v 8	do					
Paraldehyde	317 v 8	do					
Camphor	99 8	do					
Raw materials for varnishing.		do					
Ethyl acetate	347 46	Free of duty and no additional duty on alcohol.					
Carbon tetrachloride	317 p 4	Free of duty as heretofore.	Protective tariff R.M. 15 per 100 kg.	Germany to be granted unlimited import rights.	No domestic production.	Yes	No production.
Triand perchloric Ethylene.	do	do	do	do	do	Yes	Do.
Magnesium	869 a 228	Free of duty	Protective tariff 15% ad valorem.	do	No proposals, since there is no domestic production.	Yes	Do.
Magnesium alloys	do	do	do	do	do	Yes	Do.

These data are subject to the approval of the other members of the syndicate. Products to which this reservation is applicable are marked with an asterisk.

3. PHARMACEUTICALS—DENTAL SUPPLIES—CHEMICALS FOR PEST CONTROL AND VETERINARY MEDICINAL PRODUCTS "BAYER," SERUMS AND VACCINES "BEHRINGWERKE"

Prior to the World War pharmaceutical preparations and pharmaceutical chemicals were produced in Denmark only in limited quantities by a few enterprises which grew out of long-established pharmacies and laboratories at the end of the last century.

In the first place we shall mention the still existing factory which even today is the most important one:

Løvens Kemiske Fabrik (Leo), Copenhagen
then: Gustav Lotze which as a result of a merger with other firms changed its name to Det danske Medicinal-og Kemikalie Kompagni (Medicinalco), Copenhagen.

Alfred Benzon, Copenhagen; Westerbro Apothke Høst Madsen.

Leerbeck & Holm, Copenhagen; Langebeck, Petersen, Copenhagen.

In accordance with consumer's requirements existing at that time in the pharmaceutical field these firms manufactured Galenic extract and malt preparations dietetic remedies, cod-liver oil products, iron preparations as well as capsules, pills, etc., containing mixtures of simpler drugs. The last-mentioned group consisted chiefly of wholesale drugs which were often dispensed on the strength of regular prescriptions of medical authorities and under the latter's names. The ingredients of such mixtures were without exception substances which were commercially well known and readily available. Furthermore several well-known pharmaceutical chemicals were produced such as chloroform and ether beginning in 1890 and later on bromides, iodine, and magnesium salts.

The volume of production of the above-mentioned groups of products was adjusted almost exclusively to the needs of the domestic market; there was practically no desire to export. The total amount of the Danish production of pharmaceutical preparations for 1941, as shown by Danish statistics, amounted to less than 1,000,000 Danish crowns.

This explains why Danish producers used only the then well-known means of production and did not contribute in any way through inventiveness to a further development of pharmaceutical products by the discovery of new preparations or new production methods.

Hormone preparations and other organic products were the only products in the manufacture which Danish industry showed considerable initiative even before the World War. Danish industry produced several articles which were known abroad as for instance: A thyroid preparation in the form of dried glands in pills and concentrated solutions and a very good peptic fluid. The conditions for this production, as a result of the highly developed cattle breeding in Denmark, were very favorable.

The foundation of two laboratories for the production of serums and vaccines for human and veterinary purposes is likewise worthy of mention.

Statens Serum Institut (founded in 1902) and

Statens Serum Laboratorium (founded in 1908)

Both of these laboratories undertook the production of the most-used serums and vaccines and after a short period of time were in a position to meet the domestic demand. In this connection they were granted subsidies and sales privileges by the State and were able to prevent foreign and especially German industry from selling these products on the Danish market. Thanks to the excellent animal and original material the products of these laboratories were of remarkable quality.

Although Danish production of pharmaceutical preparations before the World War was not of great importance in comparison with the same type of international production it was able nevertheless to meet the greater part of the domestic demand which at that time was rather small. The Danish producers, however, succeeded in exporting only a few special products, which, moreover, were sold almost exclusively in the Scandinavian market.

Prior to the World War the imports which consequently were not very large, were shared in by Germany, France, and England. Germany gradually succeeded in gaining a leading position. The "Bayer" export figures export for Denmark for example, for the years 1904 to 1913 were trebled as a result of the growing interest in synthetic medical preparations in the form of specialties.

For a number of years the domestic industry was placed in a favorable position by the outbreak of the World War which brought about the temporary absence of deliveries from Germany and other Western powers, which resulted in the imitation of formerly imported products. The firm Leo, for example increased its assortments of specialties in a very short time from about 50 to approximately 150.

preparations which after the war, however, partly disappeared when the old dealers reappeared in the Danish market.

The most important firms existing at present are the following:

Løvens Kemiske Fabrik (Leo) (founded before the War)

Det danske Medicinal-og Kemikalie-Kompagni (Medicinalco), Copenhagen (founded before the War).

A. S. Ferrosan, Copenhagen (founded in 1920).

A/S. Pharmacia, Copenhagen (founded in 1922).

Novo Therapeutick Laboratorium (founded in 1925).

A/S Gea, Copenhagen (founded in 1926).

F. F. Gønget & Co., Copenhagen (founded in 1934).

The total annual production of these firms has been steadily increasing since the end of the World War and/or since their organization and reached its peak in the years 1936-1938, at which time it amounted to an [annual] average of over 15,000,000 Danish Crowns. About one-third of this production consists of insulin produced chiefly by Leo and Novo Therapeutick Laboratorium. In addition the Danish industry produces sex hormones and liver and mucous stomach membrane preparations which are made of basic materials of good quality collected in the country itself; synthetic vitamins and chemical pharmaceutic preparations are also being produced.

It may be said, however, even concerning this period of growing development that, except for insulin and several other organic products. Danish industry undertook production of new articles only when it was familiar with the production methods and could count on a certain outlet in the country itself.

Danish industry was in a position to export during the last years about one-third of the total production of pharmaceuticals, i. e., in the amount of about 5,000,000 Danish Crowns; 75% of this amount consisted of insulin. On the markets of other countries, therefore German exporters suffered only from competition in the field of insulin whereas the remaining 25% of Danish exports was noticeable only in the Scandinavian countries. Germany ranks first as consumer of [Denmark's] exported pharmaceuticals; of which she buys 25%; next comes Sweden and then Norway.

Even after the World War the Danish pharmaceutical industry was able to supply the largest part of domestic requirements. There remained only a small gap to be bridged by imports which during the last few years amounted on the average to approximately 5,000,000 Danish Crowns. These imports, were supplied for the most part by Germany. The respective figures as listed in the periodical, "Chemische Industrie" show that Germany supplied 62% of the total imports of pharmaceuticals in 1936 and 60% in 1937. Second in importance was England and third Switzerland while France played an unimportant part in Denmark's import of pharmaceuticals.

Danish industry has, in every respect, benefited by the achievements of Germany's pharmaceutical industry; as is shown by the numerous imitations of German preparations, which appeared whenever a preparation of German origin had become extensively used and its imitation promised to become a lucrative business. The imitation of German original products was considered a national feat which helped to check imports of German preparations. The sale of these products could be achieved and insured only when such products were offered at a considerably lower price than the original German preparations which were of a higher quality and therefore more expensive; this naturally had an unfavorable effect on the sale of German preparations.

The Danish industry in its fight against foreign, and thus primarily against German importers, was supported by various measures taken by its Government. This became especially obvious in the issuance of invitations to bid and the placing of orders by official authorities, communities, and sick funds. In placing their orders these agencies always excluded German firms.

From the system of measures hindering [our] sales it is necessary to mention especially the severe restrictions regulating popular advertising of our products.

No reference to specific use could be made in newspaper advertisements and show-window displays; furthermore the text had to be so worded as to make it impossible to infer the specific use [of products]; also it was not permissible to show pictures hinting at a specific use, etc. In spite of various requests on our part we were unable to secure clear directives from the authorities; as soon as these ill-defined provisions had been transgressed even though slightly, legal proceedings were taken against us.

The promotion of domestic industry is especially noticeable in the field of serums and vaccines [intended] for human and veterinary-medical purposes. The

"Statens Serum Institut" and the "Statens Vet.-Serum Laboratorium" are allowed by law to sell their products directly to physicians or veterinarians whereas we are obliged—also under the law—to sell our analogous products exclusively to pharmacies. This entails a considerable increase in price and injures the possibilities of selling our corresponding products. As a result we are almost entirely barred from Denmark in the field of serum therapy. We were allowed to make deliveries only of such special serums as were not produced by the State laboratories.

The basic tariff for the import of foreign preparations is bearable, but the 10% import tax and the increase in price necessitated thereby hampers the growth of our turn-over.

II

Because of the situation described above, we consider the realization of the following requests as essential:

The Danish market should without restrictions be open to firms of the German pharmaceutical industry. Insofar as individual important pharmaceuticals are concerned, which are domestically produced, the Danish market should be regulated by agreements. In addition to this general request we should like to submit the following individual requests:

The maximum duty on pharmaceutical specialties should not exceed 10 to 15% of the free-frontier value. New customs charges and especially other import duties should therefore not be introduced by the Danish Government.

On assessing profits on turn-over for purposes of taxation a sale of 5% of the turn-over appears reasonable for the pharmaceutical business.

Moreover various Danish administrative provisions concerning the pharmaceutical business should be canceled or amended because of their hampering effect on the sale of German products. This applies in the first place to the strongly restrictive provisions for the regulation of popular advertising.

In the case of invitations to bid and other adjudications of orders by the Danish authorities and public organizations, German pharmaceutical products should be placed on an equal footing with the Danish ones.

Governmental provisions governing the sale of human serums and vaccines issued for the benefit of domestic serum laboratories, which have made our business extremely difficult, should be adapted to provisions existing in Germany.

In order to secure cooperation of the German and Danish pharmaceutical industries in the export markets, some kind of financial participation or a connection with a German export organization abroad should be contemplated. We have in mind especially the insulin production, a great part of which is being sent to the German Reich. In the interest of keeping Germany supplied with this product we find it advisable to participate in some way in Danish production.

The substitute ["Ersatz"] industry which has particularly flourished in Denmark and which as previously mentioned has chiefly sold imitations of German preparations, should be purged in the interest of German inventors and producers of original articles. It is necessary, for this purpose, to reexamine the entire Danish production of these articles in concurrence with the interested German firms so that a decision may be reached in each individual case as to the products to be eliminated from the Danish production list as simple imitations.

Production of human serums in Denmark is not in proportion to the limited requirements of the country and can be kept going only with the aid of the Government. Agreements concerning production and sale should be made with the two Danish laboratories. Denmark's total serum requirements can readily be supplied by Germany.

In the field of dental preparations we shall strive to eliminate imitations of our *carpule*. Furthermore it is desirable in the future to replace English and American dental supplies by German products. Agreements regulating prices and market conditions should be made with the Danish producers who have remained in the Danish market. Since in the dental field, numerous small firms producing local anesthetics and other technical dental supplies are hampering German exports a reexamination of that part of Danish production should be considered. The entire Danish demand for this product can be easily met by Germany.

A provision prohibiting the construction of new plants for the manufacture of pharmaceutical products in Denmark should be issued in conformance with the reorganization of relations between Germany and Denmark. The nitrous oxide plant which was recently erected in Denmark by the Swedish firm "AGA" Svenska Aktiebolaget Gasaccumulator, Stockholm, is taking advantage of the lack of English merchandise and undersells German merchandise. In order to avoid

further disturbances in German exports of nitrous oxide, it would be necessary, by means of a general prohibition, to prevent new plants from being erected also in this field of production.

Shipments to Danish firms of raw material for the production of pharmaceutical specialities should be organized in such manner that competition by Danish imitations of German original products, made of such raw materials, is rendered impossible in Denmark itself and in other markets.

4. PHOTOGRAPHIC SUPPLIES ["PHOTOGRAPHIKA"]

I

The firm "Mercur" Carl Poulsen & Sønner, Copenhagen, is the domestic enterprise manufacturing photographic supplies in Denmark. This factory is relatively unimportant. It produces chiefly photographic papers and quite recently it began to produce roll films as well. In quality, however, its products are far below articles produced by important foreign firms.

We started systematic exports of our photographic supplies in 1926. In 1927 our turn-over amounted to R.M. 458,000. By 1931 it had gone up to R.M. 1,300,000, then as a result of the devalorization of the Danish crown it went down to R.M. 770,000 in 1933 and could be increased again to R.M. 1,500,000 in 1939.

Our business has particularly suffered from the underbidding of the American, English, and Belgian competitors, and, on the other hand, from the fact that the Exchange Office [Valuta-Kontor] actually favored, especially imports from England, and thus opposed our deliveries by not granting us sufficient [foreign] exchange licenses.

It is desirable to have further developments of the photographic industry [in Denmark] adjusted to the export requirements of the German photographic industry and to make such developments subject to licensing.

Moreover a guarantee should be obtained to the effect that the Mercantile Procurement Administration which, as it is commonly known has superseded the Foreign Exchange Office, will, for purposes of importing German photographic supplies make available sufficient amounts of exchange to provide the Danish market with German photographic supplies.

Imports from other countries must be correspondingly regulated. As a general rule, the present tariff rate on photographic supplies imported from Germany may be maintained. The tariff rates existing in Denmark may be contemplated as preferred tariff rates for the German industry.

I. AROMATIC SUBSTANCES

In the field of synthetic aromatic substances in Denmark the firm of Sadolin & Holmblad, Copenhagen, has produced only benzaldehyde. In addition, several smaller Danish specialists have been engaged in the manufacture of compounds. Because of the low prime cost, these firms were able to sell their products at prices lower than ours. Furthermore, Dutch, Swiss, French, and especially English producers appeared as competitors in the Danish market.

Our turn-over amounted to R.M. 4,750 in 1926 and could be raised to about 32,000 R.M. in 1939.

II

Care should be taken to insure the issuance of a sufficient number of foreign exchange licenses for deliveries of German aromatic substances. In addition, further developments of the existing aromatic substances industry should be subjected to licensing.

Furthermore, it is to be desired that, in the future, Germany may import benzaldehyde duty-free into Denmark and that Germany be granted preferential tariff rates for shipments of aromatic substances to Denmark. The consumption taxes amounting to 40%, which were introduced by the Danish Government at the beginning of this year, should be annulled.

6. ARTIFICIAL SILK AND CELL WOOL

The Association of German Artificial Silk Producers, Berlin W. 35, and the Professional Group "Chemical Production of Fiber" are conducting negotiations with the Reich Ministry of Economic Affairs concerning future shaping of commercial relations with Denmark in the field of artificial silk and cell wool.

7. NITROGEN AND NITROGENOUS PRODUCTS

I

Denmark occupies an important position among the nitrogen consumers of the world. The Danish market is the most important of the Scandinavian markets. Consumption of nitrogen has increased steadily and considerably, and in the last fertilizer year, i. e., 1939-40, reached 40,000 tons of nitrogen.

Denmark has no synthetic nitrogen industry. In the course of years, a number of projects were planned but never carried out, because of the unfavorable conditions for such an industry in Denmark. The Association of Danish Cooperatives has established a construction fund to which certain amounts were transferred from surpluses each year. It cannot be foreseen, under the present conditions, to what extent it will be necessary to resort to this fund.

Byproducts accruing in the gas works in Copenhagen amount to approximately 200 tons N annually.

In years past Norway and Chile supplied one-half each of the nitrogen requirements. As early as in the fertilizer year 1928-29, the Nitrogen Syndicate furnished 50% of the nitrogen supply, whereas the amounts supplied by Norway and Chile dropped to 28 and 22%, respectively. After the well-known understanding between Norsk Hydro and I. G., the Norwegian merchandise was sold through the Nitrogen Syndicate and the Danish market was chiefly supplied by Norwegian merchandise because of freight considerations. During the following years agreements were concluded with Chile and the other European nitrogen producers, which resulted in a regional distribution of the Danish market.

Quite recently the Dansk Svovlsyre-og Superphosphatfabriek, Copenhagen, the most important customer of the Nitrogen Syndicate, received an order from the Danish Government to build a plant for the production of 15,000 tons N (calcium nitrate) on the basis of coke oven gas.

II

Supplying the Danish market with nitrogen fertilizers in the future is a problem which undoubtedly can be solved only within the framework of reorganization of the nitrogen industry within the European economic sphere. Domestic synthetic production in Denmark must be prevented. Moreover the requirements of the country will be contingent upon the future state of its agriculture in conjunction with the reorganization of agricultural conditions in Europe. It is desirable to secure priority for Germany in the supplying of Danish requirements. Other producers should be excluded from the supplying of this market unless there are special reasons which would require their participation. In this case, however, sales should be effected exclusively through the Nitrogen Syndicate.

8. IMPORTS

Denmark has even in the past played an important role as supplier of animal organs (livers, bovine livers, and pancreas) for German production of pharmaceutical remedies. Since Holland and Norway, which hitherto have, along with Denmark, supplied the raw materials which are indispensable for the production of certain pharmaceutical remedies, cease to exist as suppliers because of political circumstances, the importance of Denmark as a source of supply has increased considerably. Increased sales of such animal organs to Germany should be insured by appropriate agreements. Besides, Germany will until further notice, be interested in purchasing insulin in addition to her own production.

EXHIBIT No. 5-B

NEUORDNUNG (NEW ORDER) FOR BELGIUM

The Belgian chemical industry shows more or less the same characteristics as Belgian industry in general; its large production potential is concentrated in a very small area with the main emphasis on the production of chemicals in bulk. Its output is consequently too large to be absorbed by the domestic market only, while on the other hand, its one-sidedness results in the inability to satisfy the varied demands of the highly industrialized Belgian economy.

The following details are important in an evaluation of the Belgian chemical industry:

1. One of its striking characteristics is the fact that it is made up for the most part of large enterprises which obviously are the backbone of the Belgian chemical industry, notwithstanding the existence of numerous plants of medium and small size. It must be kept in mind that a number of these large enterprises, as for instance Solvay, Union Chimique, Societe Belge de l'Azote, Fabelta, etc., are by no means important to Belgian economy only, a factor which must be given serious consideration, particularly in connection with the plans for a new economic order in Europe.

2. Although large quantities of goods are produced, the products show very little variety, and the main emphasis is placed on the production of chemical bulk goods, in spite of the developments of the last few years. The main products are, as is known, chemicals (particularly heavy chemicals such as sulphuric acid, sulphates, chlorine, carbonate of soda, caustic soda and potash) in addition to artificial fertilizers, artificial silk, mineral dyes, explosives, and photochemical goods. On the other hand, production of organic chemicals is by no means sufficient to satisfy the domestic demand for dyes, pharmaceuticals, etc.

This apparent discrepancy between the large production volume and the comparatively limited variety of products explains the fact that the Belgian chemical business accounts for remarkably large imports and exports of chemical products, notwithstanding the fact that domestic production is very large (almost 500 million marks) and that the domestic demands are extraordinarily heavy. The result of this foreign trade which during the last few years ranged between 70 and 110 million marks was a trade balance very favorable to Belgium, amounting to an average of 50 million marks.

3. Although many waste products which are byproducts of the domestic industry are utilized, the supply of raw materials, including those of the Congo territory, is very limited and makes necessary considerable imports of pyrites, ores, cellulose, phosphates, etc. Due to the extremely favorable geographical location of the Belgian industry and due to the Belgian trade policy advocating free trade, the fact that the Belgian chemical industry is actually largely dependent on foreign raw materials has not made itself felt to any considerable extent.

4. Belgian trade policy has striven to establish free trade relations not only with regard to the chemical industry but with regard to the whole national economy. Its objective was to secure imports of cheap raw materials and of such semifinished and finished goods as are not produced in the country itself, and, on the other hand, to make possible exports of its large quantities of chemicals in bulk produced for the world market.

The problem of what position the Belgian chemical industry is to occupy in the projected new order of the European chemical industry depends on a number of preliminary questions which cannot be answered for the time being, as for instance the problem of the Belgian colonies and the organization of the future Belgian administration. The subsequent conclusions which are based upon the above-mentioned facts can therefore be of limited importance only.

This is particularly true of that problem which in the last analysis will be the decisive factor: whether the extremely large production capacity of the Belgian chemical industry—extremely large even when measured by German standards—is not on too large a scale, unless additional demand can be created by expanding existing European markets. In any case, it seems advisable to consider carefully the Belgian chemical industry as to its size and structure. In the course of this examination the fact that this industry is dependent on imports of non-Belgian raw materials and of raw materials coming from overseas should be particularly kept in mind.

In this connection it should be stressed that the basic structure of the Belgian chemical industry, which was geared to the production of chemicals in bulk, as described above, should not be altered by allowing production of a large assortment of chemicals, including products which heretofore had been imported (such expansion has been noticeable already before the war) while on the other hand consenting to maintaining large imports of non-Belgian chemical products which were made necessary by the Belgian trade policy.

Attempts to create a national dye industry which are subsequently described must be thus evaluated as particularly important examples for a policy aimed at achieving structural changes in the economy.

As to Belgian foreign trade in chemicals, one of the most urgent problems involves weighing the large volume of the Belgian exports against the German need for export markets. In connection with this problem the possibility of supplementing already existing agreements ought to be considered. The problem is particularly urgent, for just now a movement is under foot in the Belgian chem-

ical industry and especially in the fields of pharmaceuticals and photochemical articles to look for compensation for lost markets in fields which heretofore were exclusively reserved to the German chemical industry.

Finally, it seems to be advisable to make certain shifts in Belgian imports of chemical products in favor of the European chemical industry in general. Belgian imports from overseas in particular should be replaced by shipments from greater Germany insofar as the industries of Belgium proper cannot profitably produce the necessary products themselves. In the following we have expounded some proposals of a general nature based upon the above-mentioned general considerations. These proposals reflect only part of our interests in the Belgian chemical industry since they are limited to Belgium proper and since they do not take into consideration a number of important problems which cannot be solved for the time being (for instance the fact that Belgium as a country of transit acts as a very important clearing house and that there are certain very important international connections, which are based on the large Belgian chemical enterprises). We should therefore like to reserve the right of supplementing the following report with further proposals as soon as the necessary data for making such proposals are available.

There is a further limitation inasmuch as the over-all problem concerning the firm of Solvay cannot be dealt with in this report. The international importance of this firm passes far beyond the scope of the Belgian chemical industry and must, therefore, be dealt with in a special report.

With the above-mentioned reservations we present to you the following report on the actual status and the development of the Belgian chemical industry with regard to its export markets. In this report we also have formulated our proposals regarding special fields of production and adapted them to the special export interests of Germany.

BASIC PROPOSALS WITH REGARD TO PRODUCTION AND SALES WITHIN THE FRAMEWORK OF BELGO-GERMAN RELATIONS

Belgian trade policy in principle was not aimed at general discrimination against Germany. However, as it attempted by means of the close connections existing between the Belgian economy and the world markets to further all branches of Belgian exports by concluding reciprocal trade agreements, the core of the problem of Belgo-German trade relations is not so much one of an amelioration of the present Belgo-German barter trade, but rather one of how to strike a sound balance between the need for foreign markets of the Belgian and the German export industry.

Furthermore, certain changes to be made in the Belgian system as to tariffs and licenses will probably expand Belgo-German trade relations to the disadvantage of the one-sided trade between Belgium and other countries, in particular countries overseas and England.

Taking as a point of departure the fact—particularly important in connection with Belgium—that the complicated structure of Belgian foreign trade must be adapted to the requirements of the New Order of European economy, we suggest the following only after careful examination and in a very cautious manner:

A. STEPS TO BE TAKEN WITH REGARD TO TRADE POLICY†

1. The Belgian tariff system ought to be revised in order to eliminate those regulations which have been an obstacle to the import of German products.

2. Consideration should be given to the possibility of building up a system of preferential tariffs favoring Germany. The absolute rates of these preferential tariffs must not have a prohibitive effect on German exports. The extent to which these preferential rates are to be effective with regard to other countries should be fixed for each item and should be stipulated accordingly.

3. Steps should be taken to bring about a balance between the German and Belgian exports to other countries. This balance should be achieved insofar as possible by agreements between private enterprises or by an over-all agreement between Germany and Belgian industries.

4. Insofar as it remains necessary to issue regulations with regard to the quantities involved in the Belgo-German trade, sufficiently large quantities must be secured for Germany. In connection with the necessity of a balanced Belgian budget, the purchases of goods, which were previously made [purchased] in other countries should be shifted to Germany. In making this shift, we must also keep in mind the importance of securing a sufficiently large market for high-quality

products which may be used in barter, such as synthetic tanning agents, crude varnishes, synthetic fibers, and artificial materials.

5. All discriminatory measures, such as certificates as to the origin of certain products, compulsory declarations and registrations as to the origin of these products and similar regulations ought to be abolished.

6. Regulations, regardless of whether issued by administrative bodies or by private organizations, which discriminate against German products in the favor of goods originating in Holland or other countries, must be abolished.

B. QUESTIONS REGARDING THE RIGHT OF SETTLEMENT

1. German nationals in Germany should receive permission without restrictions to remain in Belgium.

2. German nationals should receive working permits in accordance with industrial needs. German authorities will have to decide whether such a need exists or not.

3. In conformity with regulations issued by the trade police and to similar decrees which also apply to Dutch industrial enterprises, we should be entitled to establish freely new enterprises in Belgium.

C. TAX POLICIES

German establishments—the term “establishment” is used here in the meaning of the agreement with Germany directed at the elimination of double taxation and comprises branches, plants, storehouses, and agencies—as well as the establishment of subsidiaries of German enterprises must not be hampered by measures concerning tax policies. By this is meant:

1. *Industrial enterprises.*—(a) Taxation must be restricted to the capital of these enterprises, including real estate, the profit made by them, and their own turn-over.

(b) As to the kind of tax to be imposed, the tax rate and the base rates for levying taxes, these establishments must not be discriminated against as compared with other industrial enterprises of the country.

(c) Profits must be computed, not on the basis of the balance sheets of the German parent firm, but only on a percentage of the turn-over of the establishment in question. Such a pro-rata computation must be stipulated for each separate kind of product. In case of dispute an interstate commission composed of members of both countries will arbitrate. As to profits resulting from the sale of products made in Germany, the pro-rata computation must be based upon the dealer's profits and not on the profits made by the manufacturer.

2. The regulations given above under 1 (a) and (b) are also applicable in the taxation of subsidiaries of German enterprises.

Taxation of the profits of such subsidiaries should ordinarily be based on their bookkeeping systems insofar as the books are kept according to regulations. If foreign tax authorities should prove that the profits thus computed are apparently disproportionate to profits from business of the same kind or similar nature, the profits would have to be computed on a pro-rata basis of the turn-over of the subsidiary company. The regulations given under 1 (c) apply accordingly.

DEVELOPMENT AND ACTUAL SITUATION OF THE BELGIUM CHEMICAL INDUSTRY, SUBDIVIDED ACCORDING TO THE SALES ORGANIZATIONS, WITH SPECIAL REFERENCE TO GERMAN EXPORT INTERESTS; AND CONCRETE PROPOSALS FOR CERTAIN FIELDS OF PRODUCTION

1. DYESTUFFS, AUXILIARY PRODUCTS FOR THE DYE INDUSTRY, AUXILIARY PRODUCTS FOR THE TEXTILE INDUSTRY

I

Belgium did not produce any dyestuffs of her own until the time of the beginning of the First World War. The whole demand for dyestuffs, which amounted in 1913 to approximately 8,000,000 marks, was supplied by imports from Germany and Switzerland. According to the size of these industries in the two countries, Germany's share was by far the larger one and amounted to almost 7,000,000 marks, or 86 percent of the total imports of these products.

As the victorious nations developed “national” dyestuffs industries in their countries after the World War violent competition for the Belgium dyestuffs market resulted. Those taking part were not only countries which had estab-

lished dyestuffs production during and after the World War such as France, Great Britain, Holland, and Czechoslovakia but to an ever-increasing extent the United States of America and Japan also, even during the last six months before the beginning of this war.

Belgium's sympathies for the western democracies aided in gaining a foothold for the products of these countries on the Belgian market. Thus the struggle for the Belgian dyestuffs market resulted in victory for these countries and resulted in the fact that out of the total Belgian imports for the year 1938, which amounted to about 7.6 million marks, less than half came from Germany (45.6% or 3.5 million marks). More than half of the Belgian imports were supplied by Switzerland, France, Great Britain, Holland, and the United States of America. The following table shows the participation of the dyestuff producing countries in the supply of the Belgium market for the year 1938:

Germany.....	R.M. 3,470,000 = 45.7%
Switzerland.....	1,255,500 = 16.6%
France.....	1,020,500 = 13.5%
Great Britain.....	281,600 = 3.7%
Holland.....	419,000 = 5.5%
Italy.....	28,500 = 0.4%
Czechoslovakia (figures for January through September 1938 only).....	121,400 = 1.6%
United States of America.....	926,700 = 12.2%
Japan.....	62,400 = 0.8%

Belgium did not produce any dyestuffs or auxiliary products of her own for the dyestuffs industry and for the textile industry. In 1937-1938 the Etablissements Kuhlmann in Paris had operated temporarily a small dyestuffs plant in Rieme-Ertvelde near Ghent. As far as we know, this plant was not operating when war broke out in 1939. The Société Carbochimique et Tertre, a subsidiary of the Société de Belgique, began about two years ago the construction of plants for the production of aniline dye, which were to be ready to operate in the early part of May of this year. Construction, however, had not been completed at the start of this war. According to a recent statement, issued by Belgian quarters, between 25 to 30 million Belgian francs were invested in this project. A dyestuffs enterprise of this size would be able to produce quantities which would not only be able to replace a considerable part of previous German exports to Belgium, but which would necessarily lead to exports of Belgian dyestuffs to other countries, for the Belgian market alone would hardly be able to absorb the entire production of special dyestuffs as it was planned.

II

We therefore respectfully submit the following proposals:

1. The plant of the Société Carbochimique, Tertre, a subsidiary of Société Générale de Belgique, which is neither necessary from the point of view of Belgian economy nor desirable from that of the planned new order of European markets, should not be completed nor should operations be started. This requirement is particularly important as, in view of the situation at present, its output would only be a burden to German production and German exports. We therefore are requesting the help of the authorities during private negotiations which we intend to enter into on this subject with the Société Générale de Belgique.

2. In addition, construction of plants for the production of dyestuffs and organic semifinished products should require a license to this effect.

3. Belgium must institute a quota and licensing system, which would have to be organized in such a way that the demand for Belgian imports of dyes, auxiliary products for the dyestuff industry and for the textile industry would be supplied as a general rule by Germany only unless reasons of trade policy make certain exceptions necessary.

4. Imports of German dyestuffs, auxiliary products for the dyestuffs industry are to remain free of duty as heretofore.

2. CHEMICALS

I

Even before the First World War the Belgian chemical industry had already gained considerable importance. Its main production was in the field of heavy chemicals, in particular sulphuric acid, hydrochloric acid, sodium sulphate, calcium chloride, potash, and to a lesser extent chlorine products based upon electrolysis.

.. After the First World War Belgian chemical production was expanded as it was everywhere else. In addition to the above-mentioned products, synthetic nitrogen was produced on a larger scale and in connection with this synthetic methanol was manufactured. From this was derived formaldehyde, a raw product necessary for the production of artificial materials. While Belgium before the First World War imported one-third of its requirements in chemicals, this amount decreased during the last few years to about one-fifth.

It can generally be stated that the German chemical industry has succeeded in concluding satisfactory agreements concerning market regulations, exports, etc., with Belgian producers at least with regard to the more important products. The S. A. Belge de l'Azote et des Produits Chimiques du Marly, at Ougrée had become a very aggressive competitor on the European markets in the field of methanol derivatives, which was due rather to their extremely low price level than to a large output. It has come to our attention that the HIAG, the German sales organization for methanol and formaldehyde, has succeeded in concluding agreements for individual countries with Ougrée.

Belgian exports have caused no disturbances of any sort in Germany proper. Only sulphuric acid was shipped in any great quantity to the DAVV at Bochum under agreements dating from the years 1928 and 1929, which could not be revoked or cancelled for certain reasons even after the expiration of these contracts. There is no economic necessity for maintaining Belgian exports under the present circumstances, as Germany is very well able to supply its own demand in view of its tremendous capacity for the production of sulphuric acid. The only reason was that the Belgian sulphuric acid was cheaper than the German. The main purchasers of Belgian exports were, Holland, France, and Great Britain because of their geographic position and for certain products also other countries, as for instance the U. S. A., the Scandinavian countries, etc. The exports in these other products were regulated in part by Germany under existing agreements (such as agreements for the export of sodium sulphate, chloride of lime, caustic potash, etc.)

At times Belgium has been a very annoying competitor in the field of Phthalic anhydride (see attached chart under Organic Semifinished Products Column D).¹

3. "BAYER" PHARMACEUTICALS, DENTAL SUPPLIES, CHEMICALS FOR PEST CONTROL AND VETERINARY PRODUCTS, "BEHRINGWERKE" SERUMS AND VACCINES

I

Before the first World War there was in Belgium no permanent national industry in the field of pharmaceutical products which could have developed together with the rest of the industry. There were only a small number of laboratories, producing pharmaceuticals and special products. The five most important of the laboratories in existence at that time were:

Georges Labouverie, Ougrée.
Laboratoires Optima, Schaerbeek-Brussels.
Pharmacie Centrale de Belgique, Hal.
Kalcker Wielemans, Brussels.
Pelgrims et fils, Brussels.

These five firms, only two of which are still in existence and the few other existing laboratories, which were of only local importance together employed up to 1914 a few hundred workers and their total output amounted to approximately three to four million marks a year. Their production consisted of drugs in the form of powder and pills, a few kinds of lozenges as well as extracts, ointments, organic preparations, serums, and vaccines. Almost all of the entire output was consumed within the country; only minute quantities were exported to the Belgian colonies and to the neighboring countries such as Holland, France, and Germany.

¹ See pages 1482-1483 et seq. for charts.

Products	A Proposals for preference tariffs for exports from Greater Germany to Belgium.	B Proposals for tariffs to be established between Belgium and other countries	C Proposals for German quotas and import licenses with regard to Belgium	D Proposals regarding the Belgian market and Belgian exports	E Proposals concerning compulsory licenses for new construction and expansion of plants	F Domestic production capacity
Caustic potash*.....	Preference tariff of 2% ad val. Tariff item 308/9.	Protective tariff of 9 RM. per % kilograms.	Germany to supply 1/4 of Belgian requirements.	Belgium to produce for domestic consumption only. Import licenses to be issued to Germany only. Cooperation with the German syndicate.	Licenses desired.....	About 4,000 tons annually of 100% KHO.
Potash of all types and concentrations.* (1) Chloride of lime (*).	Preference tariff of 2% ad val. Tariff item 310b. Preference tariff of 5% ad val. maximum (1). Item 315 (2). Item 290.	Protective tariff of 7 RM. per % kilograms. Protective tariff of 25% ad val.	Belgium to purchase in the future from Germany exclusively.	See under C..... Belgium to supply mainly her domestic market. Exports only when based on an export quota established within the framework of a syndicate under German management; exports not to exceed the present volume.	Prohibition of constructing of new installations. Licenses desired.....	Not known. About 19,000 tons of Cl ₂ .
(2) Liquid chlorine (*).	do.....	do.....	do.....	do.....	do.....	Do.
Sulphuric acid.....	Preference tariff of 5% ad val. maximum. Item 307.	Preference tariff of 2% ad val.	Germany to be entitled to export unlimited quantities to Belgium.	Exports from Belgium to other countries to continue at their present levels. Belgian exports to Germany (DAVV) should be the subject of separate negotiations.	.....	1,000,000 tons annually.
Antichlorine.....	Preference of 5% ad val. maximum. Tariff item 320 c.	Protective tariff 20% ad val.	Germany to be entitled to export unlimited quantities to Belgium.	Belgian exports to be curtailed as far as possible, because of the small quantities available for export purposes.	Licenses desired.....	500 tons annually.

Barium chloride.....	Preference tariff of 5% ad val. maximum Item 315d.	Protective tariff of 2% ad val.	Germany to be entitled to export unlimited quantities to Belgium.	Present export quotas to be reduced on the basis of an international agreement from the present percentage of 48 to 35%.	Licenses desired.....	6,000 tons annually
Sodium sulphite.....	Preference tariff of 5% ad val. maximum Item 320b.	Protective tariff of 20% ad val.	do.....	Belgium may be allotted an export quota of 5%. A syndicate is to be created.	do.....	2,000 tons of each product annually.
Sodium bis sulphite.....	do.....	do.....	do.....	do.....	do.....	Do.
Sulphurous acid.....	Items 291, 348, 307e. Preference tariff of 5% ad val. maximum.	do.....	do.....	No Belgian exports to be permitted.	do.....	2,000-4,000 tons annually. 500 tons annually.
Barium carbonate.....	do.....	do.....	do.....	do.....	do.....	Do.
Hydrofluoric acid.....	do.....	do.....	do.....	do.....	do.....	Do.
Fluoride.....	do.....	do.....	do.....	do.....	do.....	Do.
Chlorosulphuric acid.....	Items 307/2, 315a, 314h, 315a, 403, 408/342. Preference tariff of 5% ad val. maximum.	do.....	do.....			
Sulphoril chlorite.....	do.....	do.....	do.....			
Cryolite.....	do.....	do.....	do.....			
Aluminum chlorine Blanc fixe. Cobaltous oxide. Cobaltous salts.	do.....	do.....	do.....			
Sodium sulphate.....	Preference tariff 2% ad val. Item 321 N1.	Protective tariff 20% ad val.	Germany to be entitled to export unlimited quantities to Belgium.	Belgian exports to continue. Exports to be effected as in the past by a syndicate under German management.	Licenses desired.....	
Zinc chloride*.....	Preference tariff 5% ad val. maximum. Item 315o.	Protective tariff 20% ad val.	Germany to be entitled to export unlimited quantities to Belgium.	Belgian exports to continue within the framework of the world syndicate.	Licenses desired.....	
Zinc chloride products containing ammonium chloride.*	Preference tariff 5% ad val. maximum. Item 315o.	Protective tariff 20% ad val.	Germany to be entitled to export unlimited quantities to Belgium.	Belgian exports to continue within the framework of the world syndicate.	Licenses desired.....	
Sodium sulphide.....	Preference tariff 5% ad val. maximum. Item 319d.	Protective tariff 25% ad val.	Germany to be entitled to supply 20% of the Belgian demand.	Belgian export quota not to exceed actual prewar exports.	Licenses desired.....	4,000 tons annually of 60% NA_2S .

Products	A Proposals for preference tariffs for exports from Greater Germany to Belgium.	B Proposals for tariffs to be established between Belgium and other countries	C Proposals for German quotas and import licenses with regard to Belgium	D Proposals regarding the Belgian market and Belgian exports	E Proposals concerning compulsory licenses for new construction and expansion of plants	F Domestic production capacity
Potassium chloride..	Item 316b.....	Protective tariff of 50% ad val.	Only Germany is to be entitled to export to Belgium. Sodium hypochlorite solution to be imported to Belgium by Germany only, at least however, 250 tons with a content of 13% wCl.— which represents the extent of our prewar imports.	Belgian is not to make exports to Germany.	Licenses desired.....	Unknown.
Sodium chloride.....	Item 316c.....	do.....	do.....	do.....	do.....	Do.
Phosphorus sesqu.....	Item 319e.....	do.....	do.....	do.....	do.....	Do.
Phosphorus yellow/amorphous.	Item 286.....	do.....	do.....	do.....	do.....	Do.
Permanganates.....	Item 330.....	do.....	do.....	do.....	do.....	Do.
Manganese phosphates.	Item 384h.....	do.....	do.....	do.....	do.....	Do.
Zinc phosphates and their solutions.	do.....	do.....	do.....	do.....	do.....	Do.
Acid-resistant putties made on an artificial resin base.	Item 163.....	do.....	do.....	do.....	do.....	Do.
Liquid artificial resin products for mixing of acid-resistant putties made on artificial resin base.	Item 173, liquid.....	do.....	do.....	do.....	do.....	Do.
Acid and fire resistant.	do.....	do.....	do.....	do.....	do.....	Do.
Putties made on potassium silicate base.	Item 163, cement anti-acids.	do.....	do.....	do.....	do.....	Do.
Acid-resistant aqueous mortars.	Item 163 cement anti-acids.	do.....	do.....	do.....	do.....	Do.
Bituminous insulating varnishes.	Item 198.....	do.....	do.....	do.....	do.....	Do.

Foaming agents for the production of light concrete.	Item 344c	do	do	do	do	Do.
Sodium hypochloride solution.	Item 318/17. Imports from Germany to be free of duty.	do	do	do	do	Do.
Dichromate	Item 328	Protective tariff 30% ad val.	Extent of exports from Germany still to be agreed upon.	Domestic production is to supply the domestic markets and may be used for exports to Holland.	Licenses desired	800 tons annually.
Chrome alum	Item 322d	do	Germany to be entitled to export unlimited quantities to Belgium.	No domestic production	do	Erroneous data.
Chromates	Item 321j	do	do	do	do	Do.
Synthetic tanning agents.	Item 30th. Imports from Germany to be free of duty.	do	do	Domestic production for supplying the home markets only.	do	Very small.
Oxalic acid (including oxalates).	Item 307	Protective tariff of 15 R.M. per % kilograms	Germany to be entitled to export unlimited quantities to Belgium.	No Belgian production	Licenses desired	Erroneous data.
Formic acid	Item 307c. Exports from Germany to be free of duty.					
Sodium formate	Item 344c	Protective tariff of 5 R.M. per % kilograms.	Germany to be entitled to export unlimited amounts to Belgium.	No Belgian production	Licenses desired	Erroneous data.
Calcium formate	Item 334h. Exports from Germany to be free of duty.					
Xanthates	Exports from Germany to be free of duty.	Protective tariff of 15 R.M. per % kilograms.	Germany to be entitled to export unlimited amounts to Belgium.	Belgium to produce for the domestic market only. Special arrangements to be made with regard to the Belgian Congo.	Licenses desired, even for reconstruction of installations destroyed during the war.	Unknown.
Organic intermediate products (see memorandum of the "Dyes" branch).	do	Protective tariff 50% ad val.	Only Germany to be entitled to export to Belgium.	A price agreement regarding phthalic anhydride ought to be reached, particularly as to prices set for exports, as well as an agreement regarding all organic intermediate products which may possibly be exported in the future.	Production of items important for war industries should be prohibited. Such products are: Stabilizing agents, pentaerythrite, dinitrodiphenylamine, acetophenone of chlorine, guanidinitrate, mononitroluole, picric acid and special products.	Unknown. No estimate possible.

Products	A Proposals for preference tariffs for exports from Greater Germany to Belgium.	B Proposals for tariffs to be established between Belgium and other countries	C Proposals for German quotas and import licenses with regard to Belgium	D Proposals regarding the Belgian market and Belgian exports	E Proposals concerning compulsory licenses for new construction and expansion of plants	F Domestic production capacity
Vulcanizing accelerators, antiaging chemicals.	Exports from Germany to be free of duty; if necessary a small preference tariff should be levied.	Protective tariff of 25% ad val.	Germany to be entitled to export unlimited amounts to Belgium.	No Belgian production. Requirements to be supplied by Germany exclusively.	Licenses desired.....	Erroneous data.
Cohesan.....	Items #431b, 363, 447, 384h, 410/411, 423. Preference tariff of 5% ad val.	Protective tariff of 50% ad val.			Licenses desired.....	
Cohesan solution.....	do	do			do	
Membranite.....	do	do			do	
Bensoin products.....	do	do			do	
Ferric oxide dyes.....	do	do			do	
Cadmium dyes.....	Item #494.....	Protective tariff of 25% ad val.	Germany to be entitled to export unlimited amounts to Belgium.	No Belgian production, as far as we have been able to ascertain.	do	Unknown.
Molybdic ved.....	Item #423. Exports from Germany should continue free of duty; if necessary, preference tariff of 2% ad val.	do	do	do	do	Do.
Titanic dioxide.....	Item 423. Same proposals as for the preceding item.	Protective tariff of 25% ad val.	Germany to be entitled to export to Belgium.	The Belgian requirements were supplied by Germany up to the present. This should be continued in the future.	Licenses desired.....	Unknown.
Glycol glysantine...	Item 384h. Preference tariff 5% ad val.	Protective tariff 70% ad val., as in U. S. A. up to the present.	Germany to be entitled to export unlimited quantities to Belgium.	Belgian industry to be incorporated into a future German-European cartel with headquarters in Germany.	Licenses desired, as these products are important to the armament industries. Belgium to be restricted to the production of glycol.	Total capacity for glycol production about 1,100 tons annually.
Ethylene.....	Items 384h, 315q, 384h. Preference tariff 5% ad val.	Protective tariff 25% ad val.	Germany to be entitled to export unlimited quantities to Belgium.	As above.....	Licenses desired.....	Total capacity for ethylene production about 10,000 tons annually.

Ethylene Chlorine	do	Protective tariff 100% ad val.	do	do	do	Do.
Ethylene oxide	do	Protective tariff 75% ad val.	do	do	do	Do.
Thermoplastic artificial materials and new condensation products.	Germany to be entitled to export these goods to Belgian duty free.	Protective tariff 30-50% ad val. (As handled up to the present in U. S. A. and England).	Germany to be entitled to export unlimited quantities to Belgium.	Belgian production undesirable.	Licenses desired	Erroneous data. (See under D.)
(1) Acetic acid*	Item 307a	For countries of greater Europe [a protective tariff] of 25-30% ad val. For other countries 50% ad val.	Future exports to Belgium to be reserved for Germany.	(1) Belgian home production to be reduced under supervision of the German syndicate.	Licenses desired	(1) 1,400 tons 100%.
(2) Acetic anhydride.*	Item 305	do	do	(2) Belgium to produce for the domestic market only.	do	(2) 1,800 tons.
(3) Acetone*	Item 363	do	do	(3) Exports from Belgium to be prohibited. Markets to be supplied by Germany.	do	(3) 300 tons.
(4) Methanol*	Item 357	do	do	(4) Production to be limited to supplying domestic markets. Exports permitted only when controlled by German producers.	do	(4) 6,000 tons.
(5) Formaldehyde*	Item 360	do	do	(5) As under (4)	do	(5) —
(6) Camphor*	Item 121 to be imported duty free; if necessary preference tariff of 2% ad val.	do	do	(6) Requirements to be supplied by Germany, as in the past.	do	(6) —
Solvents	To be exported to Belgium from Greater Germany free of duty; if necessary preference tariff of 2% ad val.	do	do	Belgian industry to be limited to production for home markets. The extra requirements to be supplied by Germany.	do	Unknown.
Softening agents	do	do	do	do	do	Do.
Artificial resin adhesives.	do	do	do	do	do	Do.
Drying substances in particular.	do	do	do	do	do	Do.

Products	A Proposals for preference tariffs for exports from Greater Germany to Belgium.	B Proposals for tariffs to be established between Belgium and other countries	C Proposals for German quotas and import licenses with regard to Belgium	D Proposals regarding the Belgian market and Belgian exports	E Proposals concerning compulsory licenses for new construction and expansion of plants	F Domestic production capacity
(1) Ethyl acetate...	Item 365.....	For countries of greater Europe [a protective tariff] of 25-30% ad val. For other countries 50% ad val.	Future exports to Belgium to be reserved for Germany.	(1) Production to be limited to (supplying) domestic markets. The extra requirements to be supplied by Germany. (2), (11), and (13) Requirements to be supplied by Germany exclusively. (12) As #1.		(1) and (12): Unknown. (2) to (11) and (13): Erroneous data.
(2) Solvent F 13.....	Item 369b.....	do.....	do.....	do.....		Do.
(3) Solvent E 14.....	do.....	do.....	do.....	do.....		Do.
(4) Butanol.....	Item 366.....	do.....	do.....	do.....		Do.
(5) Butyl acetate.....	do.....	do.....	do.....	do.....		Do.
(6) Methyl acetate.....	Item 364.....	do.....	do.....	do.....		Do.
(7) Propanal.....	Item 366.....	do.....	do.....	do.....		Do.
(8) Plastomoll in methyl acetate.	Item 364.....	do.....	do.....	do.....		Do.
(9) Intrasolvan.....	Item 366.....	do.....	do.....	do.....		Do.
(10) Mowilith and Alkydale dissolved in toluene xylene or benzine.	Item 193.....	do.....	do.....	do.....		Do.
(11) Soligene liquid.....	Item 431b.....	do.....	do.....	do.....	do.....	Do.
(12) Glycol derivatives.	do.....	do.....	do.....	do.....	do.....	Do.
(13) Chlorine rubber (pergut).	do.....	do.....	do.....	do.....	do.....	Do.
Cellulose derivatives such as nitrocellulose for varnishing purposes (collodion wool).	If possible, free of charge—otherwise 2% preference tariff. Item 269a.	do.....	do.....	Requirements to be supplied by Germany exclusively. Abolition of licenses for purchasing transportation and use of materials as such licenses have a restrictive effect on imports—reason: these are not explosives but basic	do.....	Unknown.

Same, moistened with 35% ethyl alcohol.	do	do	do	do	materials used in lacquer production. Belgian production of explosives to be limited to the making of collodion wool having a low viscose content.	do	Do.
Same, moistened with other alcohol.	Item 209b	do	do	do	do	do	Do.
Same, moistened (no alcohol). Moistening agents which are duty free or on which is levied less than 60 Belgian francs.	Item 190a	do	do	do	do	do	Do.
Same, moistened (no alcohol). If moistening agent is subject to higher tariff.	Item 209b	do	do	do	do	do	Do.
Collodion solution.	Item 368	do	do	do	do	do	Do.
Acetyl cellulose (cellit).	do	do	do	do	Requirements to be supplied by Germany exclusively.	do	Unknown.
(1) Carbon tetrachloride.	Item 304f	Protective tariff 15 R.M. per % kilograms.	Germany entitled to unlimited exports to Belgium.	do	(1) No Belgian production.	do	(1) Erroneous data.
(2) Trichloric and perchloric ethylene.	do	do	do	do	(2) Belgian production to supply one-half of the domestic requirements, the other half to be supplied by Germany.	do	(2) 540 tons annually.
Magnesium	Item 991, 992/93 994 to be imported free of duty or subject to low preference tariff.	Protective tariff 20% ad val.	Imports from Germany to be given preferential treatment.	do	Belgian processing industries to supply mainly domestic markets. Cooperation with German producers desired, particularly in regard to half-finished products.	do	Unknown.
Magnesium alloys	do	do	do	do	do	do	Do.

Products	A Proposals for preference tariffs for exports from Greater Germany to Belgium.	B Proposals for tariffs to be established between Belgium and other countries	C Proposals for German quotas and import licenses with regard to Belgium	D Proposals regarding the Belgian market and Belgian exports	E Proposals concerning compulsory licenses for new construction and expansion of plants	F Domestic production capacity
Inflammable metallic cerium, cerium alloy.	Preference tariff 5% ad val.	Protective tariff 50% ad val.	Germany entitled to unlimited exports to Belgium.	Belgium to produce for domestic markets only.	Licenses desired.....	Unknown.
Water repellent abrasive paper.	do.....	Protective tariff 25% ad val.	Germany to be entitled to export to Belgium up to 25% of Belgian requirements.	Production for domestic needs only.	do.....	Do.
Dry abrasive paper..	Preference tariff 2% ad val. Item 732.	.....	.....	.....	do.....	Do.
Nickel metal.....	Preference tariff of 2% ad val.	Protective tariff of 15% ad val.	Germany's quota in Belgian imports to be fixed after the problems concerning raw materials have been solved.	.....	do.....	Do.

*Remarks made here are valid only if the other members of the syndicate do not object. Products for which this limitation holds are marked with an asterisk.

Beryllium chloride, beryllium alloys, ferrotungsten, ferromolybdenum, ferrovanadium, metallic tungsten, metallic molybdenum, metallic vanadium and their acids.—These products will be dealt with [by us] in cooperation with the economic group "Metal Industries" after an agreement with the members of the cartel has been reached.

As to raw materials, Belgian industry was to a considerable degree dependent on foreign countries. Belgium purchased her basic products at that time mainly in France, and also in Great Britain, Germany, and the Netherlands.

Belgian demand for medicines which exceeded to a considerable extent the actual output which Belgian firms were able to provide was supplied by imports coming largely from France. About the turn of the century the German pharmaceutical industry too attempted with mounting success to sell its products in Belgium. A few figures on the sales of the pharmaceutical division of the I. G. which are all doing business today under the name of "Bayer," demonstrate clearly the development between 1900 and 1914.

1900.....	About 150,000 marks
1905.....	250,000 marks
1911.....	350,000 marks
1913.....	500,000 marks

The Belgian pharmaceutical industry in its present form has developed chiefly since 1918. This development was furthered to a considerable extent by a complete reorganization of the Belgian tariff system in 1924 which provided for much higher tariff rates for special products originating in other countries. In addition the Belgian pharmaceutical industry was subsidized in the postwar years by the State and was furthermore assisted by receiving preferential treatment in the allotment of contracts by the State.

The value of the entire output of the pharmaceutical laboratories existing in Belgium at the present time amounts to about twenty to twenty-five million marks annually. It is consumed almost entirely within the country itself. Belgian exports of prepared medicines amounted in 1938 and 1939 to about eighteen million Belgian francs annually. This means not quite 1.5 million marks. These exports, when compared to the pharmaceutical exports of the larger countries, are insignificant particularly as almost half of these exports went to the Belgian colonies. Only in exceptional cases did the Belgian industry figure on other export markets.

The pharmaceutical industry in Belgium is composed of a number of larger enterprises, which developed after the first World War. At the same time the number of laboratories which have regional importance has greatly increased. The most important large-scale producers of pharmaceutical products in Belgium are:

- Union Chimique Belge S. A. Pharmaceutical Division "Meurice."
- Pharmacie Centrale de Belgique (abbreviated P. C. B.).
- Louis Sanders S. A.
- Produits Bios, Etablissements Coutelier Frères.
- Laboratoire Optima S. A.
- Institut Pasteur, Brussels.
- Institut Serotherapie de Gembloux.
- Laboratoire de Serotherapie, Brussels.

To what extent the present pharmaceutical industry in Belgium has expanded at the expense of German exporting firms is best illustrated by the history of the development of individual firms. We shall give, therefore, a short resume on the most important firms:

Union Chimique Belge S. A. Pharmaceutical Division "Meurice"

The Pharmaceutical Division "Meurice" was incorporated into the Union Chimique Belge (which in turn is owned by a syndicate of banks under the leadership of the Banque de la Societe Generale de Belgique) only in 1929 by acquiring the Societe Anonyme des Produits Chimiques et Pharmaceutiques "Meurice." Ever since then the U. C. B. S. A. has maintained that it has created a national pharmaceutical industry and insists, therefore, upon protection by high import duties and far-reaching preferential treatments in the allotments of government contracts and all contracts for the colonies. The company has pleaded its cause successfully before the Belgium government for the last ten years.

A close examination of the products listed by "Meurice" will reveal that these products are to a very large extent nothing but imitations of those produced by the German pharmaceutical industry. Some of our products which were imitated were, for instance: "Bayer 205, a remedy against sleeping sickness; Salvarsan, Prontosil, liver extract, etc." The U. C. B. has also attempted to plagiarize our synthetic malaria medicines, Atabrine and Plasmochin, but has not met with success in this respect. It may rightfully be asserted that not a single interesting discovery has originated in the "Meurice" laboratories. In order to round out the description of the firm of "Meurice" it may be stated that it imitates leading

German firms even as to its methods of advertising. It must be further emphasized that the U. C. B. used political arguments in its advertising in order to keep the German products from the Belgian market.

Pharmacie Centrale de Belgique (Abbreviated: P. C. B.)

This company was originally established as a wholesale firm. In due course of time however, it became an agent for various firms, French firms in particular, and later on made special products of its own in the pharmaceutical field. A considerable part of its shares was gradually acquired by the U. C. B. The P. C. B., therefore, must be considered the main agent for the pharmaceutical products under the trade mark of "Meurice" for the Belgian market. A list of the board of directors shows a great many of the same names as the management of the U. C. B. The board of directors of this firm is in turn composed of members of the board of directors of the above-mentioned Belgian Banque de la Société Generale de Belgique. In view of this fusion between managing organs of the U. C. B. and the P. C. B., it is perfectly clear why the P. C. B. has followed the same methods of the U. C. B. as to manufacturing processes and as to advertising.

Louis Sanders A. S.

This firm's main activity is the sale of popular quack remedies which it attempts to market with the help of an extensive newspaper campaign and by other advertising tricks. It is significant that there is constant criticism of the advertising methods employed by the firm of Sanders even by Belgian doctors and pharmacists. Only during the last few years the firm has begun to put its production on a more scientific basis by establishing a laboratory for hormone and vitamin research. In this connection it must be stressed that mainly chemists, who had emigrated from Germany and Austria were called upon to assist in the expansion of this enterprise. There have been no important achievements, however, in this laboratory up to now. Its plant, situated in the environs of Lath, near Brussels, produces a few pharmaceuticals on a small scale which up to the present time have disturbed our activities only on the Belgian market.

The firm of Sanders is a typically Belgian Company—that means it is made up of financiers and politicians who considered the opposing of German competition as their common task.

Produits Bios, Etablissements Coutelier Frères

This company and the brother of the former Minister of Economics, van Isacker, were granted exclusive right for the production of opiates in Belgium. This hurt the German industry considerably as its exports were thus made impossible. Coutelier, a Frenchman, who later on acquired Belgian citizenship, was for some time vice president of the Belgo-German Chamber of Commerce, although his company was always ready to fight German imports. The Belgian Ministry for Public Health on different occasions objected to the vaccines produced by the firm of Coutelier because of their inferior preparation and quality.

Institut Pasteur Brussels

The institute which is patterned wholly after that of France, was originally intended to be nothing but an institute for hygiene. Although it belongs to the Province of Brabant, it took up the production of serums and particularly tetanus and diphtheria serums. It succeeded in having the Government institute protective tariffs for these products which hit the German serum industry in particular very hard.

Institut Serotherapique de Gembleuse

This institute produces serums and vaccines to be used for human beings and animals and one of its main aims is the opposing of German imports. Together with the above-mentioned Institut Pasteur in Brussels, it has worked for the introduction of protective tariffs.

Laboratoire de Serotherapique, Brussels

This laboratory, which like the above-mentioned institute, sells serums and vaccines to be used for human beings and animals, is particularly anti-German and it uses preponderantly political arguments in advertising among its customers who are mainly Belgian doctors. More recently a close cooperation between this laboratory and the Union Chimique Belge S. A. has been apparent. The U. C. B. apparently has acquired an interest in this enterprise and intends to incorporate it into its own organization as a department for veterinary supplies.

Belgian doctors and pharmacists in particular and also a large part of the general public have always been anti-German. This has been an essential factor in aiding the above-mentioned firms in their efforts to dislodge German products from their position on the Belgian market. This was particularly the case during the time of high political tension (regarding introduction of compulsory training in Germany, militarization of the Rhineland, etc.). This attitude was fostered by emigrants and by the newspapers which were almost 100 percent anti-German. In spite of all this the German pharmaceutical industry was able to improve its position continually after the first World War. This development went hand in hand with the general advance of our ready-made special products, a field in which these superior German products were able to prevail in spite of all obstacles. A few figures referring to the turn-over by "Bayer" in Belgium suffice to prove this point:

	<i>Marks</i>		<i>Marks</i>
1925-----	600, 000	1934-----	1, 500, 000
1928-----	975, 000	1937-----	2, 000, 000
1930-----	1, 300, 000	1938-----	2, 350, 000

Several obstacles to the exports of German chemicals to Belgium—exports which could have been further expanded—have already been mentioned briefly above. We shall repeat here the most important ones:

Increased tariff rates in 1924 necessitated price raises which made it difficult for German products to compete. While formerly the tariff rates were computed from the wholesale value of the product including the cost of transportation and incidentals to the border this procedure was abolished and following the French example, the tariff was based on the retail price.

The protective tariffs for serums and vaccines which were instituted exclusively to protect the production of the above-mentioned Belgian institutes, have hurt our business in these products considerably.

The tariff law made it obligatory to affix the name of the country of origin to all advertising material (for instance *Imprimé en Allemagne*—printed in Germany). Although this requirement applied to all countries it was particularly detrimental in its effect on the sale of German products, as potential customers for pharmaceuticals were especially anti-German. The national industry was given unqualified preference on the part of the Belgian authorities in cases of contracts for the army and for the colonies. Belgian industry received those contracts even if its prices were considerably higher than those of other competitors. This fact has closed large potential markets to the German export industry especially during the last few years before this war.

It was Belgium in particular which insisted upon reparations made in pharmaceutical products and which has received such reparations for one year more than all the other allied countries, namely until 1926, by selling at cut-rate prices tremendous amounts of reparation merchandise, amounts which far surpassed Belgian demands. In Belgium and in other countries even after the year 1930 this resulted in very considerable damage to us. This cannot be estimated even approximately.

II

The new order of the pharmaceutical industry in Europe as planned for the postwar period makes it imperative to formulate the following requests which are justified by the above-described development of the Belgian pharmaceutical industry:

I. The German pharmaceutical industry must have complete freedom of action in the Belgian market. In regard to individual importance, pharmaceuticals which were created by the inventiveness of Belgian industry and in which, therefore, this industry has a certain right to continue its activities, sales in Belgium and in other markets should be regulated by agreements.

We believe that the following steps should be taken in order to realize this general proposal:

(a) For imports to Belgium the maximum tariff rate for pharmaceutical special products must not exceed 10 to 15 percent of the wholesale value including transportation and incidentals free to the border. This maximum rate must not be artificially increased by imposing taxes and import duties of any other kind. All other charges connected with imports must be computed so that the entire amount of all charges including duty will not exceed the above-mentioned 15 percent. The method used by France and imitated by Belgium according to which duty for pharmaceutical specialties is levied from the general retail price, has to be replaced

by the usual method of levying tariffs, namely by computing the tariff rate on the basis of the wholesale value including transportation and incidentals free to the border.

(b) Protective duties for serums and vaccines which were introduced a few years ago in the interest of the Belgian Institut Pasteur must be abolished as it cannot be the objective of such an institute to manufacture these products on a commercial basis.

(c) By computing profits on the basis of turn-over for tax purposes a pro-rata of 5 percent of the turn-over seems to be an adequate percentage for the pharmaceutical business.

II. In addition, several Belgian administrative regulations with regard to the pharmaceutical business must be abolished or should be changed as they have a retarding effect upon the sales of German products:

(a) German pharmaceuticals must receive the same treatment as Belgian products when Belgian authorities or public institutions invite bidding on contracts or allot contracts in any other way.

(b) As mentioned above, the Belgian doctors and pharmacists assumed a very negative attitude towards the German pharmaceutical industry during the boycott movement. This attitude must not be fostered by administrative orders or by private consumer agreements aimed at giving preferential treatment to remedies of Belgian origin by using these exclusively. Precautions must also be taken that the authorities do not secretly assist the national industry by issuing any other administrative orders.

III

In order to achieve the disposition as intended of the pharmaceutical industry in greater Europe under the supervision of the German pharmaceutical industry, the Belgian pharmaceutical industry, too, must be given its place in Belgium itself as well as in the export markets. The main objective of the Belgian pharmaceutical industry should be the supplying of the domestic market and of such colonies as might be left to Belgium. Belgium producers should be allowed to export, only after price agreements and market regulations have been made with the German pharmaceutical firms. Such agreements are particularly desirable for the more important pharmaceuticals and should form a part of over-all agreements for the entire world. With regard to the aforementioned arguments, we reserve the right to submit separate proposals on the part of the German pharmaceutical industry.

In order to secure such cooperation in the export field we should plan either to require financial investments on the part of the Belgian pharmaceutical industry in German export organizations abroad, or we should incorporate those industries outright into such organizations. In this connection, it would seem to be imperative to gain control of the pharmaceutical division "Meurice" which is part of the U. C. B. The part of the Belgian industry which was engaged in the production of substitutes had met, with considerable success, particularly in Belgium, as is evident from the outline of its history given above. It was engaged mainly in imitating German preparations. A purge of this industry therefore seems to be to the interest of the German producers of the original preparations. To achieve this, it will be necessary to examine the entire field of Belgian production of such preparations in cooperation with the interested German firms. This will enable us to single out individual preparations which are merely imitations of German products and which, therefore, must be removed from the list of items which Belgian producers may manufacture.

In the field of serums and vaccines, Belgium production was developed without any consideration for the rather limited demand of the country. This was achieved by protective measures on the part of the State. As it is not difficult to supply all requirements from German production, the State-owned laboratories should either be completely abolished, since their output is neither essential nor necessary, or agreements should be made concerning price and marketing to avoid disturbances of the market. The output of private producers insofar as it competes with German preparations, ought to be treated in like manner; here, too, it is desirable to reach agreements on prices and marketing. In the field of dental supplies it is absolutely imperative to purge the Belgian market of local anesthetics and dental preparations. There is a large number of small producers who manufacture products of inferior quality which are consequently cheaper. These producers would have to step back in the interest of the more serious German firms and of their high-quality products. This would be achieved by agreements regulating this market. Particular emphasis should be placed upon the require-

ment that the formerly large imports of special finished dental supplies from France and England be replaced by imports from Germany insofar as possible.

During the last few years a rather unpleasant situation has arisen in regard to the industries engaged in the production of chemicals for pest control. The attitude taken by the firm "Protex" in particular is responsible for bringing about this state of affairs. This firm has marketed imitations of our preparations, Solbar and Nosprisit, under the names of Soltex and Cupracid. In addition, it competes with German-made lead arsenate, a high-quality product, by marketing an inferior imitation. We have brought suit, under the patent law, against this firm with regard to its marketing of Soltex. The firm of Protex markets its products by adopting methods which can only be considered as unfair competition. In addition to this, the firm of Protex does not produce its own chemicals, but orders the chemicals marketed by it from the Belgo-Chemie which began to manufacture these products only after Protex had urged it to do so. Even so, the Belgo-Chemie was able to begin the manufacture of these products only after it had succeeded in hiring an emigre German-Jewish chemist.

In view of all this we believe it necessary to have the Belgo-Chemie abandon its production of chemicals for pest control which, at any rate, is a completely new field for this company. Furthermore, the firm of Protex should be directed to enter into negotiations with us in regard to the future development of their sales.

This new regulation of Belgo-German relations will have to be supplemented by introducing a compulsory licensing system for the construction of new plants for the pharmaceutical industry in Belgium. Furthermore consideration must be given to the matter of which of those very small laboratories having only local importance may continue to operate.

Shipments of raw materials used in the production of pharmaceutical specialties should be distributed among Belgian firms in such a way that Belgian products manufactured from these materials do not compete with similar products of German origin, either in Belgium proper or in other countries.

4. PHOTOGRAPHIC SUPPLIES

I

Before the first World War, the only firm making photo-chemical products was the firm of Photo-Produits Gevaert S. A., Vieuxdieu near Antwerp.¹ After the war the Union Chimique Belge S. A., Brussels, was established which also produced photo-chemical supplies. Another maker of photographic films is the Societe Industrielle de la Cellulose (Sidac) at St. Gilles-les-Bruxelles, which has a capital of 37.4 million francs and reserves amounting to 33.9 million and which operates a factory at Ghent. Photographic plates are produced, although on a minor scale, by the Etablissements des Produits Photo-Chimique S. A., Kortryk.

Although at the end of the first World War sales of our photographic supplies were resumed in Belgium it was only in 1926 that we were able to secure a foothold in the Belgian market worth mentioning by establishing the marketing organization of Agfa-Photo at Brussels. Our share in the Belgian business increased from year to year, thanks to the high quality of the Agfa products. Sales increased from 458,990 Belgian francs in 1925 to 11,253,349 Belgian francs in 1938.

Besides Germany, the U. S. A. (Kodak) and England (Kodak and Ilford) exported considerable quantities of these supplies to Belgium.

It was Gevaert which set the prices of and discounts on photographic films, photographic paper and plates for the country. The prices quoted by Gevaert were minimum prices binding for the members of the international cartel.

¹ Established, 1894; present capital, 140 million Belgian francs; reserves amounting to 14 million Belgian francs. The company tried to surmount the growing difficulties connected with exporting by establishing subsidiaries in various countries. Thus in 1936 the firm of L'Industrie Photographique S. A. was established at Lille and in 1935, the Voigtlaender-Gevaert G. m. b. H. at Berlin-Spinderfeld with a capital of 1.5 million RM. The latter company was founded jointly by [the latter] and Voigtlaender & Sohn A. G., Brunswick, which is a subsidiary of Schering A. G.; at the same time, Voigtlaender & Sohn A. G. took over the marketing organization of Photo-Produits Gevaert for Germany. In the U. S. A., Gevaert has constructed a plant in Williamstown, Mass., and will soon begin operating it. Moreover, the firm has an interest in the Spanish firm of Infonal S. A., Barcelona, Calle Diagonal 480, as well as interests in firms of various other European countries.

The Union Chimique Belge S. A., which formerly also made photographic supplies in its "Fotobel" plant at Bruselles-Evere concluded an agreement with Photo-Produits Gevaert in 1938 which limits the Union Chimique to the production of only those basic and auxiliary materials which are used by the photo-chemical industry. Its main products are photo chemicals which, as far as we have been able to ascertain are bought up by Gevaert.

Sales of raw film used by the motion-picture industry were never very large in Belgium, as the Belgian motion-picture market was dominated by French and American firms and as the national Belgian motion-picture industry was of comparatively minor importance. The actual, though unimportant demand for raw film was supplied mainly by Gevaert, which offered its product at a price about 40% below the German price.

Due to considerably lower costs of production (lower wages and prices paid for raw materials) Belgian firms were able not only to keep prices at a very low level inside the country but also to set export prices for the rest of Europe and overseas, which were considerably below the German price level. In addition, the Belgian industry making photographic supplies was protected inside the country by high tariffs.

Although the Belgian trade policy was not directed against Germany in particular and although Belgium had not established import quotas or other import restrictions our exports to Belgium suffered considerably because of other regulations.

Our sales were considerably hampered by the import tax, the sales tax, and the tax on luxury goods as well as by other tax regulations. A further restrictive element was the provision of the tariff law, according to which all goods had to be marked with the names of the countries of their origins, as this requirement worked exclusively to Germany's disadvantage because of the country's anti-German feelings.

We were unable to take part in the submitting of bids when public invitations for bids were issued; neither were we considered in supplying State or city-owned establishments, authorities, etc., as the domestic industries and Gevaert in particular would always be given preferential treatment. It might even be assumed that in these instances, the authorities prescribed expressly that only domestic products were to be purchased.

Attempts to increase our exports were further hindered by the fact that we were unable to secure the permanent services of a German national at Agfa-Photo, Brussels, since residence and working permits were issued to German nationals for a limited period of time only.

II

In respect to future German exports of photographic products to Belgium it would be desirable if a further expansion of the Belgian photographic industry were made dependent upon licenses of such German authorities as may be put in charge of these matters. The firm of Gevaert would thus be obliged to supply the Belgian market only to an extent which would not jeopardize German interests.

Exports on the part of the Belgian industry to other countries should be made only to an extent to be determined by Germany's need for exports to the countries in question, especially since Gevaert's production capacity is excessively large at the present time and will result in strong pressure for additional exports.

To protect the Belgian industry it might be advisable to establish a tariff rate of 25% on products of other countries and a rate of 5% including additional charges, for German products.

All measures of a discriminatory nature should be abolished and German importers should be entitled to participate in submitting bids whenever public bidding is invited.

5. AROMATIC SUBSTANCES

I

The Belgian market in aromatic substances has always had to meet stiff international competition. The French industry for the production of aromatic substances in particular considered the neighboring Belgian market as its exclusive domain. This industry's leading position was even further strengthened when the French currency was progressively devaluated. This very stiff French competition caused us considerable difficulties in the sale of our products, difficulties which were further increased by offers at cut-rate prices on the part of the other countries which had devaluated their currencies—England and Holland—and by an intensive propaganda against German-made goods. This fact is best illustrated by figures of our sales, which in 1929 amounted to 11,000 R.M. and to only 5,000 R.M. in 1935. These figures, however, do not include those for our sales of vanillin and ethyl vanillin.²

² German manufacturers of vanillin and ethyl vanillin decided to market both products jointly in Belgium as of 1938. For this purpose, they appointed a single firm to sell the above-mentioned products in Belgium.

II

To promote exports of German-made aromatic substances to Belgium we suggest establishing a tariff system, which would accord a preferential treatment to Germany as compared to our competitors abroad.

6. ARTIFICIAL SILK AND CELL WOOL

The technical group "Chemical Production of Fibers" will submit for the entire German industry all data on the production of artificial silk and cell wool to the Ministry of Economics.

7. NITROGEN AND NITROGEN PRODUCTS

I

Just as in Holland and France the example furnished by the German chemical industry induced groups of Belgian industrialists and capitalists to invest considerable amounts of money in this field. The expansion of various plants, which was to take several years, was begun in part as early as 1925. In 1929, the lime-nitrogen plant Societe Belge d'Electrochimie at Langerbrugge was put into operation. This had an annual production capacity of 5,600 tons N. At about the same time, production, though on a limited basis, was begun in the synthetic nitrogen plants. This production was divided among the four groups as follows:

- (1) Solvay Group:
Production method: Casale process.
Capacity: 60,300 tons N.
Installations at Zandvoorde and Tertre.
- (2) Ougree-Marihayé Group:
Production method: Claude process.
Capacity: 61,700 tons N.
Installations at Ougree and Vilvorde.
- (3) Kuhlmann:
Production methods: Casale and NEC processes.
Capacity: 25,400 tons N.
Installations at Selzaete and La Meuse.
- (4) Montecatini-Coppee Group:
Production method: Fauser process.
Capacity: 27,500 tons N.
Installations at Willebroek.

The production capacity of the Belgian synthetic plants, including plants making lime nitrogen, amounts to about 180,000 tons N at present. In addition, Belgium has at its disposal another 20,000 tons N made from byproducts of coke ovens and gas plants. A comparison of these figures and the 72,000 tons N used domestically for agricultural and technical purposes reveals that the existing production capacity is far greater than the domestic demand and that the synthetic industry's production is intended mainly for export.

During the years following the end of the first World War the demands for nitrogen of Belgian farmers were supplied mainly by shipments of Chile nitrate. These shipments amounted at times to about 28,000 tons N annually. In addition, about 10,000 to 15,000 tons N in the form of ammonia sulphate, a byproduct of the Belgian coke ovens and gas plants were available. Most of these byproducts were sold in Belgium by the Comptoir Belge du Sulfate d'Ammoniaque, Brussels.

In view of the large demand for nitrogen products by the Belgian farmers it was only natural that Belgium asked for a share in shipments of nitrogen fertilizer made by Germany as a part of its reparations. The following quantities of pure nitrogen, mainly in the form of ammonia sulphate, were received and charged to the reparations account:

	Tons N		Tons N
1924-25.....	about 205	1927-28.....	about 10,000
1925-26.....	about 5,000	1928-29.....	about 7,700
1926-27.....	about 7,800	1929-30.....	about 6,500

Reparation shipments were made partly through the above-mentioned Comptoir Belge du Sulfate d'Ammoniaque, Brussels, which changed its name to Comptoir Belge des Engrais Azotes, Brussels, because in addition to ammonia sulphate

other products such as calcium nitrate and Leuna nitrate were shipped on account of reparations. Moreover, a number of other Belgian firms had a share in the German reparation shipments of nitrogen fertilizer.

In view of the increase in the Belgian home production, a closer cooperation of Belgian producers became necessary. Gradually, the synthetic nitrogen plants joined the Comptoir Belge des Engrais Azotes, Brussels, although a number of these plants retained the right to market their products independently on the basis of prices and conditions fixed by the Comptoir Belge. Soon afterwards, however, the producers of synthetic nitrogen banded together by establishing an organization of their own, the Federation Belge des Producteurs d'Azote, Brussels. The Comptoir Belge des Engrais Azotes, Brussels, in its capacity as representative of the makers of byproducts, also became a member of this organization. This organization was to represent the Belgian nitrogen industry in the international nitrogen cartel and to fix the share claimed by the various producer groups in the Belgian market and in export markets.

During the first few years of its existence the Belgian synthetic industry produced ammonia sulphate exclusively. Consequently, Belgian purchases in Germany stopped as far as this product was concerned and only the other types, consisting mainly of calcium nitrate and chloride of ammonia (lime ammonia) were purchased from Germany. Gradually, however, the Belgian plants began to produce these chemicals, too, so that at the end of the fertilizer year 1934-35 they were able to do almost entirely without imports of German goods. All that remained to the German industry were some minor shipments to Luxembourg, which was bound by a tariff union with Belgium.

Up to the present, the Belgian colonies have had practically no need for fertilizer whatsoever.

In view of the threatening overproduction in the early part of 1930 which was due to the fact that the newly organized European nitrogen plants had started production, and in view of the possible consequences which might result therefrom, the international nitrogen cartel was established in the summer of 1930, which the Belgium nitrogen industry joined. However, at the end of the fertilizer-year 1930-31 this cartel fell apart again. The German nitrogen industry was now faced with the following very serious situation in regard to Belgium, a situation which could be straightened out only at the cost of heavy financial sacrifices:

During the existence of the cartel the individual producers were protected by the principle, according to which the domestic markets were the domain of the national producers. In other words, domestic markets were reserved to the national industries. When the cartel fell apart the large German domestic market was wide open to foreign nitrogen producers. The flooding of this market with foreign goods at dumping prices became a real threat. Although the German government in July 1931 established a prohibitive import tariff of 120 R.M. for each ton of nitrogen fertilizer, this tariff did not affect Belgium, as the Belgo-German trade agreement of 1925 granted Belgium the right to import ammonia sulphate free of duty. Due to this restriction, the established tariff rate could not be enforced in regard to other countries; namely, those countries which were entitled to the advantages resulting from the most-favored-nation clause, as Holland, for instance. It was not possible to prohibit imports, as the Belgo-German trade agreement contained a regulation according to which the trade between the two countries was not to be impeded by prohibiting imports or by other measures which might be detrimental to mutual trade.

The only way left open to the German nitrogen industry was to enter into negotiations with the Belgian industry. An agreement was reached in August 1931 according to which the Belgian industry producing synthetics was paid a lump sum of 8.5 million R.M. for reducing its output to about 26,000 tons N—of which not more than 13,000 tons N were to be used for exports—and for shutting down plants under construction. The German industry furthermore agreed to pay a duty of 15 pfg. (Pfennige) for each kilogram of N which it would export to Belgium. The Belgium producers, on the other hand, agreed to accord preferential treatment to the syndicate when importing products not made by themselves, i. e., mainly in the import of nitrates.

Subsequently the German and the Belgian governments in an exchange of notes agreed to adopt mutual import prohibitions. Belgium changed this to a licensing system inasmuch as further imports appeared to be necessary.

Trade policies thus resulted in an agreement between the nitrogen syndicate and the Belgian producers even in a year of general trade wars such as that of 1931-32.

Under the International Nitrogen Syndicate agreement which was renewed in 1932-33 the basic principles of the above-mentioned agreement were at first continued. In subsequent years the Belgian producers were free to produce for the domestic market. However, since their share in the cartel exports was set at only 10% of the total cartel exports, i. e., to only about 25,000-30,000 tons N annually it remained necessary to limit their production considerably in relation to the production capacity. During the fertilizer year 1938-39 synthetic production including lime nitrogen amounted to about 68,600 tons N.

The export quota of the Belgian industry producing synthetics with the exception of the share assigned to the Kuhlmann group, was not marketed independently but was sold through the nitrogen syndicate in the export markets.

As mentioned before, Belgium has not purchased any quantities of nitrogen to speak of from Germany since 1935. Only Chile saltpeter is still imported—about 7,000 tons annually which, because of the conservative attitude of the Belgian farmers, was able to hold its ground against calcium nitrates. There was still a small market for German calcium nitrates and calcium ammonia in Luxemburg. Except for a quantity of 600 tons which may be imported duty free in accordance with the existing agreement the remainder of these imports is subject to the duty of 15 Pfennig per kilogram N.

We were thus freed of the obligations arising from the trade agreement of 1925, which were the basis for the enormous compensations paid to Belgian industry during the last few years as a result of intervention on the part of the German government. Payments as compensation for reducing production which were based on the international agreements were continued, but were adapted to changing conditions as individual agreements were only extended on the basis of the status quo.

The above-mentioned groups also make nitrogen products for technical purposes, mainly ammonia water, aqueous ammonia, nitric acid, and ammonium nitrate. They supply Belgium's entire demand amounting to about 6,500 tons N, except for a small quantity of such products (for instance, urea and potassium nitrate) which they have not manufactured up to the present and of which they imported in 1938-39, for instance, about 160 tons N from Germany. The nitrogen syndicate has had (convention) agreements with the Belgian producers for several years, with the exception of Kuhlmann. Protection of the respective home markets was provided for in a general agreement. Additional export agreements guaranteed the Belgians certain export quotas for various types of products. In accordance with these agreements Belgium has lately exported about 3,000 tons N.

II

Future Belgian production of nitrogen cannot be separated from European production as a whole, just as before the present war, it was an integral part of this production, in the framework of the European nitrogen syndicate. For this reason, it is impossible to treat the reorganization of the Belgian nitrogen market as a separate problem. Belgo-German relations in the nitrogen field must rather be fitted into the postwar pattern for a greater German economic sphere.

In order to regulate the nitrogen business inside the European economic sphere and to determine its relationship to the rest of the world, three main problems must be solved after they have been brought into accord with each other. [These problems are:]

(1) The development of agriculture in Europe and its relationship to the world's markets for agricultural products.

(2) The organization of the European nitrogen markets with regard to imports of Chile saltpeter which are necessary for reasons of trade policy and the organization of nitrogen exports from Europe to the nitrogen markets of the rest of the world.

(3) Direction and supervision of the industrialization in the nitrogen field within the boundaries of the greater German economic sphere and influencing of the development of nitrogen production in the rest of the world.

These problems are closely interwoven in many respects and the effect which each of them has on the other must be given special consideration in the course of any reorganization of the nitrogen business.

It would be desirable if, in the future, Germany were accorded *preferential treatment* with respect to all extra demands for nitrogen on the part of Belgium and her colonies—along the same lines suggested for other countries.

By this measure imports of Chile saltpeter are to be excluded and/or controlled. It is very well possible to replace Chile saltpeter by other synthetic nitrogen products as was done in Germany.

In order to safeguard German exports to Belgium and her colonies all regulations impending at present, the entry of German goods and also of foreign goods, as far as these are exported through Germany should be abolished and/or rectified (for instance, the Belgian licensing system.)

8. IMPORTS

During the last few years, I. G. imports from Belgium amounted on an average to about 1,500,000 R.M. annually. The main items were benzene, toluene, and glycerin. There were practically no imports whatever from the Belgian colonies.

Although I. G. is greatly interested in securing such shipments from Belgium in the future as were received in the past, we shall refrain from making specific proposals in this report, as the above-mentioned products are handled by the competent Reich authorities and/or the joint associations [Arbeitsgemeinschaften] which are in charge of this matter and are given due consideration by these offices in accordance with the duties to be performed by them.

EXHIBIT No. 6

NEUORDNUNG (NEW ORDER) FOR NORWAY

[Translation: Schütz/Schmitt]

With regard to section B, "Questions of right of domicile," we suggest to insert the following *paragraph 4*:

"In the Norwegian laws to arrange the concessioning of the acquirement of grounds and water powers, it is provided that corporations, in order to obtain such a concession, must have a management composed to the greater part of Norwegians. Moreover and according to the laws, it is left to the judgment of the Norwegian government to transform the concession terms and—in this way—to take care that also at least 51% of the capital of these corporations remain in Norwegian hands. It should be endeavoured that persons or corporations of German nationality in similar cases are to be equalized to subjects and corporations of Norwegian nationality, so that corporations obtaining a ground or water-power concession may in future also have a management consisting to a greater part of members of German nationality, and that also in the concession terms no objections can be made by the Norwegian government against such a German majority.

As to section C, "Measures concerning rates and taxes" we suggest to insert the following paragraphs 3 and 4:

"3. *Double taxation*.—Considering that a German-Norwegian agreement concerning double taxation does not exist, the German participations in the industries which on German suggestion actually are arising in Norway (see A, No. 4, 5, 9) are subjected in the first place to the normal Norwegian taxation. The revenues from these participations are, however, moreover subjected to the deduction of 25% for revenues, licences, etc., to be paid abroad. These revenues, considerably reduced already in this way, are subjected in Germany once more to a complete taxation (corporation profits tax and trade licence). In consideration of these extraordinary charges a reasonable bearing of capitals invested in Norway is no longer guaranteed. It is also not possible to get a premium of risk with regard to the dangers in consequence of the war. For these reasons it appears absolutely necessary to come to an agreement as to double taxation.

"4. *Maintenance of the privilege of subsidiary companies (Schachtelprivileg)*.—With regard to government or local taxes incomes resulting from a participation in a Norwegian joint-stock company are—according to the Norwegian taxation law—not taken into account when calculating the incomes for which a tax has to be paid. This far-reaching privilege of subsidiary companies is of considerable importance for the construction of new industries in Norway with the assistance of Germany, it would, therefore, be desirable to have the confirmation of the Norwegian government that a suspension of this privilege of subsidiary companies is not intended."

Before forwarding these suggestions, we think it necessary to apply for the consent of the Central Tax Department (Zentral-Steuer-Abteilung).

REGISTERED—STRICTLY CONFIDENTIAL

I. G. FARBENINDUSTRIE AKTIENGESELLSCHAFT,
 DIVISION OF ECONOMIC POLICY,
 Berlin, Unter den Linden 78, May 8, 1941.

Re: Norway proposals by I. G. in connection with peace plans.

To the MEMBERS of the MANAGEMENT COMMITTEE.

GENTLEMEN: On behalf of the Business Committee we are forwarding you herewith an outline of a memorandum, which attempts to summarize proposals by I. G. for the shaping of German-Norwegian commercial relations with the major European planned economy in accordance with the directive given by the Business Committee.

Since these suggestions must be submitted as soon as possible to the competent authorities may we ask that you inform the Division on Economic Policy before the 15th of this month of any opinions which you may have in this matter.

Heil Hitler!

I. G. FARBENINDUSTRIE AKTIENGESELLSCHAFT,
 (Signed) Illegible.

NORWAY

Prior to the outbreak of the war the position and the potential development of Norway's chemical industry was determined chiefly by the fact that Norway had once been interested in an extremely extended world trade and on the other hand was forced to plan the enlargement of its sources, of raw materials and the increase of its industrial output in order to be able to meet the consequences of the crises of the world trade.

The interest in an extremely extended world trade was the result of the structure and economy of the country. Not being self-sufficient in either agriculture or industry, Norway was under the double burden of being compelled to import certain foodstuffs, raw materials (coal and oil) and ready-made goods and to export its surplus production of fish, wood pulp, base metals, etc.; and finally, since the Norwegians have always been a typically seafaring people, it can be easily understood that the principle of free trade has been prevalent among them.

Since the Norwegian economy, because of its structure was entirely dependent upon international trade, it has proved increasingly necessary to plan and bring about an enlargement in its sources of raw materials and an increase in its industrial output.

The following has been planned:

Increase of the agricultural production.

Development of the industry utilizing fish.

Exploitation of water power.

Promotion of mining production, and

Expansion and improvement of the quality of the industrial production.

The events of the war cut short with one blow Norway's international trade relations and led her definitely if only hesitatingly on the road towards increased industrial production described in the said plans which she followed, though hesitatingly, in the beginning.

This increase of industrial output of the country may be considered as a part of the total plan of the New Economic Order, which comprises the entire European continent. Its nature is so varied and insofar as the chemical industry is concerned so closely interwoven with the interests of other industries that it does not seem advisable to go into details at this point. We should therefore like to limit ourselves in the following to outlining those matters which affect our interests and our proposals connected therewith insofar as they concern relations connected with trade policy and the elimination of difficulties hindering the export to Norway of our products. It may be said in this connection that the incorporation of Norway into the system of continental European economy, headed by Germany by severing the former closely interlocking relations in trade policy of Norway and England, by ending the division of Norway's foreign trade among numerous markets, which is contrary to the country's economic structure, will at the same time ease the German export situation. The readjustment to German needs resulting from this incorporation is a sign of structural change in the Norwegian economy and foreign trade.

Guided by the above considerations, we should like to make in the following, several suggestions concerning the future structure of German-Norwegian trade

relations and in this connection give a detailed report of the individual markets in relation to our export interests and formulate our specific proposals resulting therefrom.

PROPOSALS CONCERNING THE FUNDAMENTAL STRUCTURE OF GERMAN-NORWEGIAN TRADE RELATIONS

A. MEASURES AFFECTING TRADE POLICY

(1) Formulation of Norwegian foreign exchange and currency provisions so as to safeguard German interests in every respect and prevent Germany from being treated less favorably than other countries.

(2) Retention of the present arrangements, whereby German goods are exempt from Foreign Exchange licensing requirements applicable to goods coming from other countries. If, after the war, it is necessary to broaden regulations governing quantitative restrictions of imports into Norway which would have to include German imports as well, satisfactory import quotas for German goods must be secured in connection with which goods which used to be supplied from other countries and particularly from England would have to be secured largely from Germany with due consideration for the necessary equilibrium of the Norwegian balance of payments. This is especially advisable from the point of view of creating a sufficiently great outlet for high-quality substitute materials (e. g., synthetic tanning materials, raw materials for varnishes, artificial fibers, and other synthetic materials). Possible quotas would have to be controlled by German offices.

(3) Prevention of the raising of the Norwegian tariff rates either as a whole or on important German export articles.

(4) Examination of the possibility of developing a preferential tariff system in favor of Germany in connection with which the absolute rate of the preferential tariff should forestall any prohibitive effects to the detriment of Germany. The extent of such preferential treatment as compared to third countries should be established by items and should be agreed upon. However, in this connection, considering the generally bearable Norwegian tariff level, a sufficient margin of preference should be secured in part only by increasing the tariff rates for goods from third countries or by introducing new import duties on items which hitherto have been imported free of duty.

(5) Protection against discrimination in connection with certificates of origin, compulsory declaration, registration, and other similar measures.

(6) Abolition of provisions, issued by authorities, syndicates, and the like, whenever discrimination against German products in favor of those produced by other countries are inherent therein.

B. QUESTIONS REGARDING THE RIGHT OF SETTLEMENT

(1) German nationals should be granted residence permits without any restrictions.

(2) Work permits should be granted to German nationals in accordance with business requirements at the discretion of German authorities.

(3) A free right of establishment should be granted, taking into account the pertinent provisions of the trade police and like authorities which are also applicable to Norwegian business enterprises.

C. TAX-POLICY MEASURES

The establishment of industrial enterprises ["Betriebsstätten"] of German firms, within the meaning of the terminology of the double taxation agreements concluded by Germany (e. g., branch establishments, manufacturing centers, branches, agencies), as well as the establishment of subsidiaries of German enterprises should not be complicated by tax measures.

This shall be construed to mean:

1. *Industrial enterprises.*—(a) Taxation must be limited to the assets set aside for said industrial enterprises, including real estate, [as well as] to the profits yielded by them, and to their turn-over.

(b) In taxing such industrial enterprises the latter may not be placed in a more unfavorable position than other business enterprises in Norway with respect to tax classification, rates, or facts of the case.

(c) Profits may not be assessed on the basis of balance sheets of the German parent firm, but only on the basis of a percentage of the turn-over of such industrial

enterprises. Said percentage should be agreed upon for each individual category or products. In case of dispute a mixed state commission of both countries shall decide. Insofar as profits of industrial enterprises result from the sale of products which are manufactured in Germany, the assessment of such percentage shall cover only the trading profits and not the manufacturing profits.

2. *Subsidiaries.*—Insofar as taxation of subsidiaries of German enterprises is concerned, the provisions referred to under 1 (a) and (b) shall be applicable accordingly.

As to taxation of profits of such subsidiaries, decisions shall, in principle, be based on the subsidiary's accounting records providing the latter shall be kept in proper order. If the foreign tax authorities prove that profits resulting therefrom are obviously not in proportion to the profits which are yielded by businesses of the same or similar type, profits shall be computed on the basis of a percentage of the subsidiary's turn-over. In this connection, the provisions referred to under 1 (c) shall apply accordingly.

DEVELOPMENT AND STATUS OF OUR INTERESTS IN EXPORTING TO NORWAY, ARRANGED ACCORDING TO FIELDS OF SALE, AS WELL AS PARTICULAR PROPOSALS FOR SPECIFIC FIELDS OF PRODUCTION

1. DYESTUFFS, AUXILIARY PRODUCTS FOR DYEING PURPOSES, TEXTILE AGENTS

Prior to the war the Norwegian dyestuffs market was supplied exclusively by Germany and Switzerland. In 1913 Germany had 90% and Switzerland 10% of the entire Norwegian dyestuffs business, which amounted to about R.M. 700,000. The trend towards industrialization which was also prevalent in Norway after the World War resulted in an increase of Norwegian consumption of dyestuffs, which in the last two years reached an average of about 1.8 million marks. Germany and Switzerland, however, were [then] no longer the only suppliers of these requirements; products from the U. S. A. and above all from Great Britain were sold in Norway in addition to German and Swiss dyestuffs. The German share in the supplying of Norway with dyestuffs dropped to approximately 80%.

There was no domestic production of dyestuffs in Norway at the beginning of this war. Temporarily, that is from 1931 to 1936, "Norske Tjaerprodukter," which was closely connected with "Norsk Hydro," produced a small amount of dyestuffs. Its production, however, was discontinued pursuant to an agreement concluded in 1936 between Norsk Hydro and I. G. Farbenindustrie, in consideration of an indemnification of 140,000 Norwegian crowns payable in seven yearly installments of 20,000 Norwegian crowns each.

II

We are taking the liberty of making the following suggestions:

(1) The construction of new plants for the production of dyestuffs and intermediate organic products, as well as the planned resumption of production at the plant operated up to 1936 by "Norske Tjaerprodukter" should, in principle, be subject to licensing.

(2) Imports of German dyestuffs, auxiliary products for dyeing purposes and textile agents should be duty free. Norwegian imports of said products from other countries should be barred by the introduction of a suitably high protective tariff (at least 30% ad valorem).

(3) A quota and licensing system which might have to be introduced by Norway, should be so devised as to allow dyestuffs, auxiliary products for dyeing purposes, and textile agents to be imported into Norway only from Germany.

2. CHEMICALS

I

The electrochemical and the electrometallurgical industries, which are based chiefly on the utilization of the abundant water power, are the leading branches of Norway's chemical industry. Among other mineral raw materials which are important in chemical production, Norway has iron pyrites, iron ore, as well as copper, nickel, silver-magnesite, and titanium deposits. In addition, there is a great abundance of timber which is the basis for the important cellulose industry [of Norway]. The sulphite waste liquor obtained in this industry serves as basic material for a number of other chemical products.

Among the chemical industrial enterprises, which are to be considered as our competitors, the following should be mentioned:

- (1) Norsk Sprengstoff-Handels A/S, Oslo, as producer of sulphuric acid.
- (2) Borregaard A/S, Sarpsborg (carbonization of wood), as producer of methanol.
- (3) Elektrokemiske Fabrik Vadheim at Vadheim, as producer of chlorate of potassium and of chlorate of sodium.
- (4) Saugbrugsforeningen, Halden, as producer of chlorine.
- (5) A/S Toten Cellulosefabrik, Oslo, as producer of chlorine.
- (6) Borregaard Konzern, Sarpsborg, as producer of chlorine.

In 1938, the last year under normal conditions, 39.1% of the chemicals needed by Norway was supplied by Germany, 10.1% by Great Britain, and 25.9% by the rest of continental Europe. The remainder was supplied chiefly by the United States and Argentina. Of the chemicals exported by Norway, Germany in the same year took 6.9%, Great Britain 63.1% and the rest of continental Europe 23.4%.

These statements show that Norway is relatively unimportant as Germany's competitor, whereas our interests in the Norwegian market can be seen from the following export data on chemicals:

- 1937 about R.M. 1.4 millions.
- 1938 about R.M. 1.1 millions.
- 1939 about R.M. 1.9 millions.

This turn-over includes chiefly the following products:

- Alcalis.
- Organic intermediate products for the explosives industry.
- Products for the rubber industry.
- Tanning products, and
- Tannic acids.

As is known, we are greatly interested in [the field of] magnesium and aluminum production in Norway. We shall take the liberty of reverting to this subject and presenting a special report at an opportune moment since the projects connected therewith have not as yet reached the stage in which it would be possible for us at this time to make special proposals and express requests.

II

Plans for expansion and for new constructions in the field of chemical production had already been made so that it was necessary for us to begin negotiations in order to prevent the carrying out of these plans. Norsk Hydro, e. g., intends to enlarge its carbide plants for production of acetylene derivatives such as acetic acid, solvents, softening agents, etc.

Furthermore, the resumption of operations of plants producing, e. g., formic acid, oxalic acid, anthate, which had formerly been shut down, is being contemplated.

In the attached chart, we give our proposals in regard to our various products. We should like to add the following general remarks:

Although the present output of the Norwegian chemical industry insofar as it affects our interests chiefly serves to supply Norway's own requirements, we should like to express the hope that the further development of the chemical industry in Norway might be undertaken in a way compatible with the interests of the German chemical industry which exports to Norway, and consequently with our own interests.

Products	German-Norwegian items	A Proposals for preference tariffs for German merchandise	B Proposals for tariffs to be established between Norway and other countries	C Proposals for German quotas and import licenses with regard to Norway	D Proposals regarding the Norwegian market and Norwegian exports	E Proposals concerning compulsory licenses by German authorities for new construction and expansion of plants	F Norwegian production capacity
Liquid chlorine.....	379/959.....	Free of duty.....	Protective tariff.....	Import of the total supply of chloride from Germany.	No export from Norway.	Yes.....	About 5,000 tons annually Cl ² (exclusively for domestic supplies; no sale).
Chloride of lime.....	292/29.....	do.....	do.....	do.....	do.....	Yes.....	Do.
Caustic potash of all types and concentrations.	289/723. Salts 12..	Free of duty, if necessary 2% of the value.	Protective tariff R.M. 9 per 100 kilograms.	Demand of standard liquid and solid caustic potash to be supplied exclusively by Germany. Demand of the so-called caustic potash with low-chloride content to be supplied half by Germany and half by Sweden.	See C.....	Yes.....	No production.
Potash of all types and concentrations.	290/717. Salts 6...	Free of duty, if necessary 2% of the value.	Protective tariff R.M. 7 per 100 kilograms.	Demand to be supplied exclusively by Germany.	.....	Yes.....	Do.
Sulfuric acid.....	273/835. Acids 2..	Free of duty (as before).	Protective tariff 20% of the value.	No proposals; domestic production sufficient.	.....	Yes.....	12,000 tons annually SO ² .
Sodium sulphite.....	317/B/723. Salts 12.	do.....	do.....	To be distributed among Germany, England, Belgium, France under a convention which is being contemplated.	.....	.....	No production.
Sodium bisulphite.....	317/B/723. Salts 12.	do.....	do.....	do.....	.....	.....	Do.
Zinc chloride.....	315/723. Salts 12..	do.....	do.....	Demand to be supplied exclusively by Germany.	.....	.....	Do.
Antichlor.....	317/B/723. Salts 12.	do.....	do.....	At least 50% of the demand to be supplied by Germany.	.....	.....	Do.
High-percent sodium sulfate.	294/716.....	do.....	do.....	Demand to be supplied exclusively by Germany (I. G. and Chemag—50% each).	.....	.....	Do.
Barium carbonate.....	317/E/723. Salts 12.	do.....	do.....	Demand to be supplied exclusively by Germany.	.....	.....	Do.
Sodium sulfide.....	317/B/723. Salts 12.	do.....	Protective tariff 30% of the value.	do.....	See E.....	Prohibition to set up new installations.	Do.

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Potassium chlorate. ¹	293/715. Salts 4...	Free of duty.....	Protective tariff 50% of the value.	Germany to be granted exclusive import rights.	No Norwegian exports to be permitted.	Yes.....	400 tons annually.
Sodium chlorate ¹ ...	317/C/723. Salts 12.	do.....	do.....	do.....	do.....	Yes.....	750 tons annually.
Phosphorus sesquisulfide.	269/759.....	do.....	do.....	do.....	do.....	Yes.....	
Phosphorus yellow/amorphous.	269/192.....	do.....	do.....	do.....	do.....	Yes.....	
Permanganate.....	306/723. Salts 12.	do.....	do.....	do.....	do.....	Yes.....	
Manganese and zinc phosphates and solutions thereof.	317/V v. 315/723. Salts 12.	do.....	do.....	do.....	do.....	Yes.....	
Acid-proof putties made on an artificial resin base.	381/C/275. Resins 3a.	do.....	do.....	do.....	do.....	Yes.....	
Liquid artificial resin products for mixing of acid-proof putties made on artificial resin base.	do.....	do.....	do.....	do.....	do.....	Yes.....	
Acid-proof and fire-proof putties made on a potassium silicate base. ²	226/c/812. Stones 10.	do.....	do.....	do.....	do.....	Yes.....	600-700 tons annually.
Acid-proof aqueous mortar. ²	226/c/812. Stones 10.	do.....	do.....	do.....	do.....	Yes.....	
Bituminous insulating varnishes.	240/a/343/7.....	do.....	do.....	do.....	do.....	Yes.....	
Foaming agents for the production of light concrete.	317/V/?.....	do.....	do.....	do.....	do.....	Yes.....	
Sodium hypochloride solution.	292/29.....	do.....	do.....	do.....	do.....	Yes.....	
Phosphoric acids...	317/V/836. Acids 3.	do.....	do.....	do.....	No Norwegian exports to be permitted.	Yes.....	

Formic acid.....	317/T/836. Acids 3.	Free of duty (as before). R.M. 3 per 100 kilograms at the most.	Standard tariff R.M. 15 per 100 kilograms.	Germany to be allowed to import unlimited quantities into Norway.	Export to be prohibited insofar as Norsk Hydro takes up the production of formic acid. Negotiations are pending.	Yes.....	No production.
Oxalic acid.....	276/836. Acids 3.	do.....	do.....	do.....	Export to be prohibited since there is a possibility that old Norwegian oxalic acid producers will resume operation.	Yes. In addition, for the resumption of operations of enterprises which have been closed.	Do.
Xanthates.....	317/V/347/959	do.....	Standard tariff R.M. 25 per 100 kilograms.	do.....	Export to be prohibited since it is possible that a xanthate solution plant will resume operations, probably as result of the increase of our prices, due to the abolishment of the "ZAV."	do.....	Do.
Bichromates.....	305/723. Salts 12.	Free of duty.....	Protective tariff 25% of the value.	do.....		Yes.....	Do.
Chromalum.....	299/723. Salts 12.	do.....	do.....	do.....		Yes.....	Do.
Chromic salts.....	317/S/723. Salts 12.	do.....	do.....	do.....		Yes.....	Do.
Synthetic tanning agents.	384/723. Salts 12.	do.....	do.....	do.....		Yes.....	Do.
Organic intermediate products (see memo of the "Dyes" branch).	246, 317/V and others. Paradichlorobenzene 888. Other intermediate products 959.	Paradichlorobenzene: free of duty (as before). Other intermediate products: Reduction to a maximum of 10% of the c. i. l. value.	Protective tariff 50% of the value.	Demand supplied exclusively by Germany.	Exports of all products prohibited.	Yes.....	Unknown.
Vulcanization accelerators.	317/V and others 959.	Free of duty (previously 30% of the value, but free of duty, at the request of the importer).	Protective tariff 60% of the value (American protective tariff is the same).	Germany to be granted unlimited import rights.		Yes.....	No production.
Antiaging chemicals.	do.....	do.....	do.....	do.....		Yes.....	

¹ Re B: In addition, insofar as potassium chlorate and sodium chlorate are concerned, the small factories, which have been established a few years ago, should be closed.

² Re C: Only insofar as license is not given in Norway.

Products	German-Norwegian items	A Proposals for preference tariffs for German merchandise	B Proposals for tariffs to be established between Norway and other countries	C Proposals for German quotas and import licenses with regard to Norway	D Proposals regarding the Norwegian market and Norwegian exports	E Proposals concerning compulsory licenses by German authorities for new construction and expansion of plants	F Norwegian production capacity
Hexamethylentetramine.	317/U/959.....	Free of duty (as before).	Protective tariff 60% of the value.	Germany to be granted unlimited import rights.	.....	Yes.....	No production.
Kauri glue.....	375/959.....	Reduction to no more than 5% without supplementary duties.	Protective tariff 50% of the value.	do.....	See E.....	Expansion of the Gasko-Lauxein plant should be prohibited.	Unknown.
Benzoin products..	317/U/836/723.....	No more than 5% without supplementary duties.	do.....	do.....	do.....	The establishment of new plants should be prohibited.	No production.
Basillite.....	390/959.....	Reduction to no more than 5% without supplementary duties.	do.....	do.....	do.....	do.....	Do.
Iron oxide dyes.....	329/169.....	No more than 5% without supplementary duties.	do.....	do.....	do.....	do.....	Do.
Membranite.....	381/2/959.....	Reduction to no more than 5% without supplementary duties.	do.....	do.....	do.....	Stopping of production at Nordiske Destillationsverker.	Unknown.
Ethylene.....	379/959.....	No more than 5% of the value.	Protective tariff approx. 25% of the value.	do.....	do.....	The establishment of new plants should be prohibited. There are plans for glycol production; steps against realization thereof have already been taken.	No production.

Ethylene oxide.....	379/959.....	do.....	Protective tariff approx. 75% of the value.	do.....	do.....	do.....	Do.
Glycol.....	317/V/959.....	do.....	Protective tariff approx. 70% of the value.	do.....	do.....	do.....	Do.
Glysantine.....	317/V/959.....	do.....	Protective tariff approx. 70% of the value.	do.....	do.....	do.....	Do.
Ethylene chloride.....	317/P/959.....	do.....	Protective tariff approx. 100% of the value.	do.....	do.....	do.....	Do.
Titanium dioxide.....	332/175.....	Free of duty, if necessary the same as before Cr. 5 per 100 kilograms gross weight+33¼% supplementary duty.	Protective tariff 50% of the value.	At least the quantity hitherto imported.	do.....	The establishment of new plants should be prohibited.	Do.
Titanium white.....	do.....	do.....	do.....	do.....	do.....	do.....	Do.
Lithopone.....	328/175.....	Free of duty, if necessary up to 4% of the value.	Protective tariff 50% of the value.	Germany to be granted unlimited import rights the same as before.	do.....	do.....	Do.
Igelite.....	381/B/959.....	No more than 5% of val.	Protective tariff 30-50% of the value (as hitherto applied in U. S. A.—40 to 60% and in England—up to 33¼%).	Germany to be granted unlimited import rights.		Yes.....	No production of either thermopl. synthetic materials, or cond. products.
Oppanol.....	381/B/959.....	do.....					
Luresine.....	381/B/959.....	do.....					
Emulsions.....	381/B/959.....	do.....					

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Acetic anhydride....	277/959.....	Free of duty, possibly preference tariff of 2%.	Protective tariff 30% of the value for countries of the major European economic sphere. Protective tariff 50% of the value for other countries.	Demand to be supplied exclusively by Germany.	See E.....	The establishment of new plants should be prohibited. The expansion of carbide plants (e. g., Norsk Hydro) for purposes of producing acetylene derivatives such as acetic acids, solvents, softening agents, etc.	No production.
Acetone.....	349/50/1.....	Free of duty, also in the future.	do.....	do.....	do.....	do.....	Do.
Solvents having a low boiling point.	347 and others, 75/959.	Free of duty, possibly preference tariff of 2%.	do.....	do.....	do.....	do.....	Do.
Solvents having a medium boiling point (Butyl products).	347/b/75/959.....	do.....	do.....	Demand to be supplied exclusively by Germany. (Pursuant to an agreement with Skanska Attikfabriken, Perstorp, Sweden, Butyl acetate shall, as a rule be supplied by Sweden.)	do.....	do.....	Do.
Softening agents....	347/75/959; 317/V and others.	do.....	do.....	Demand to be supplied exclusively by Germany.	do.....	do.....	Do.
Camphor.....	99/359.....	do.....	do.....	do.....	do.....	do.....	Do.
Artificial resin.....	381/2; C/275.....	do.....	do.....	do.....	do.....	do.....	Do.

Collodion wool.....	363/5.....	do.....	do.....	Demand to be supplied exclusively by Germany. (Pursuant to an agreement with A/B Bofors Nobelkrut, Bofors, collodion wool shall in part be supplied by Sweden.)	do.....	do.....	Do.
Acetyl cellulose (Cellit).	381/E/959.....	do.....	do.....	Demand to be supplied exclusively by Germany.	do.....	do.....	Do.
Methanol and Formaldehyde.	394/50/959.....	do.....	do.....	do.....	do.....	do.....	Do.
Carbon tetrachloride Tri and perchloric ethylene.	317/P/833.....	Free of duty as before.	Protective tariff at least R.M. 15 per 100 kilograms (German import tariff).	Germany to be granted unlimited import rights.	do.....	Yes.....	Do.
Products for steel refining.	869/B.....	(Re: E): Since German output is more than adequate for the supplying of the occupied territories, the establishment of such an industry is not advisable. In any case Germany wishes to supply any requirements of products for steel refining in Norway.					

3. PHARMACEUTICALS, DENTAL SUPPLIES, CHEMICALS FOR PEST CONTROL AND VETERINARY MEDICINAL PRODUCTS "BAYER," SERUMS AND VACCINES "BEHRING-WERKE"

Before the World War Norway did not have a modern pharmaceutical industry. There were only a few producers who were in a position to put on the market products completely finished and ready for marketing which were then commonly used.

Nyegaard & Co., A/S, Oslo (founded in 1874).

Koren & Gedde, later on taken over by Nyegaard & Co. (founded in 1881).

Apothekernes Laboratorium A/S (founded in 1903).

Heiberg and Heiberg, later on Farmakon (founded in 1907).

These firms as well as some small laboratories produced chiefly Galenic preparations, extracts, gelatin capsules, etc. As in Denmark, the production of the above-mentioned firms was intended exclusively for the moderate home consumption, the requirements of which it was able to supply almost completely. Hardly any of the pharmaceuticals produced in Norway were exported before the World War. As domestic production met most of the demands there was very little need for imported products. "Bayer" sales in 1913 barely amounted to 100,000 RM.

After the World War these firms began to produce modern pharmaceutical preparations. No new plants, however, were built. Official Norwegian statistics of 1938 list 7 firms producing pharmaceuticals, which altogether employed 229 men and the total production of which amounted to about 3.4 million Norwegian crowns during the last few years. Special mention must be made of the fact that this figure did not include cod-liver oil for medicinal purposes. In spite of this development the Norwegian pharmaceutical industry for the last 10 years has not been able to meet the domestic requirements to the same extent as before the war. Imports of pharmaceuticals have increased steadily since the World War and during the last few years have amounted to about 3,000,000 crowns. Germany leads in supplying over one-third of the total imports. In 1936 Germany delivered goods amounting to RM. 986,000, in 1938 to RM. 1,499,000, and in 1939 to RM. 1,796,000. England comes next. Her deliveries amounted to one-third of those made by Germany. Denmark is third, having almost the same share as England. This is explained by the large quantities of insulin delivered by her. France and the United States follow immediately. The development of these imports may be seen from the following figures on "Bayer" sales:

1936	-----	RM. 370, 000
1937	-----	489, 000
1938	-----	597, 000
1939	-----	782, 000

Norwegian pharmaceutical exports are not large. In 1937 they amounted to RM. 500,000. These went chiefly to other Scandinavian countries.

The Norwegian pharmaceutical industry up to the present time has had nothing to show in the way of original production. The domestic producers of specialties in tablet and ampule forms have simply followed the German pattern and produced substitute preparations, which were sold at lower prices than the original German preparations. Furthermore the Norwegian government subsidized the domestic industry in the organizing of certain types of production for the supply of the country in case of war. Furthermore the Norwegian government issued a number of legal provisions directed exclusively against importation of pharmaceutical products and consequently first of all against German imports.

II

Because of the leading position occupied by the German pharmaceutical industry in relation to the Norwegian imports we consider the realization of the following demands not only as justifiable but also as absolutely necessary especially in connection with the new economic order in Europe.

The Norwegian market shall remain absolutely open to free competition of the German pharmaceutical industry. In dealing with certain important pharmaceuticals produced domestically this free competition should be regulated by collective agreements.

In connection with this general proposal we make the following particular proposals for the reorganization of the Norwegian market:

Certain administrative provisions concerning the pharmaceutical business should be abolished or amended since they hamper the sale of German products. This applies first of all to the strongly restrictive provisions concerning scientific and popular advertising.

The compulsory declaration of pharmaceutical products in Norway which because of its strict regulations is extremely hampering, should be eliminated. The same applies to the restrictive provisions of the Norwegian law governing specialties, which require submitting computation of prices. Furthermore, the high registration duties should be lowered.

To sum up, it would be desirable that all Norwegian provisions concerning imports of German pharmaceuticals, serums, and vaccines conform to German provisions.

German pharmaceuticals should receive the same treatment as the Norwegian products in case of contracts and orders given by the Norwegian authorities and public institutions.

Norwegian law prohibits direct delivery to physicians of pharmaceutical products by the manufacturing firm. Norwegian firms violate this law and deliver directly to the physicians, whereas the German firms are obliged to comply with this law and thereby suffer losses. This disadvantage should be eliminated.

In Norway physicians' samples may be distributed to physicians only through drug stores, which makes this type of advertisement very difficult. This compulsion of using drug stores as intermediaries which exists only in Norway must be abolished, so that the German firms could distribute samples directly to physicians at their own discretion.

Norway's export must be regulated only by price agreements and market arrangements with German firms in the pharmaceutical industry. In order to secure such collaboration the Norwegian firms should either form a financial partnership or join a German export organization abroad.

The well-developed Norwegian *ersatz* products industry which sells chiefly imitations of German preparations must be investigated in the interest of German producers of the original article, and articles which are pure imitations should be eliminated from the Norwegian production list.

In the field of *human serums* the Norwegian laboratories have initiated production which can survive only because of state subsidies. Arrangements concerning production and sale should be made with the pertinent institutes. Germany can easily supply the entire Norwegian demand for these products as well as that for other pharmaceutical specialties.

The laboratories for the production of *serums and vaccines* in Norway, Denmark, Sweden, and Finland have to a certain extent pooled their interests. This arrangement was approved by the respective governments. These laboratories and governments have agreed mutually to exchange orders for serums and vaccines and to refrain, in the future, from importing from other countries those serums and vaccines which are produced in one of these four countries.

The cancellation or at least the relaxing of this arrangement is desirable with a view to adjusting the serum and vaccine business to the New Order aimed at by Germany and freeing German imports made in the future from restrictions in this field.

Furthermore an effort should be made in the future to substitute German products for English and American dental supplies.

Agreements regulating price and market conditions should be made with Norwegian manufacturers of dental supplies.

Finally the new relations between Germany and Norway should be so supplemented as to include a provision pursuant to which the organizing of new enterprises in the pharmaceutical industry should not be subject to compulsory licensing in Norway.

4. PHOTOGRAPHIC SUPPLIES ["PHOTOGRAPHIKA"]

There is no production of photographic articles in Norway. The entire demand is supplied by imports. We had to fight continuously against strong, Anglo-American and English and Belgian competition. By systematic methods we were able to beat the English and Belgian competition but we never succeeded in shaking the extremely strong position of the Anglo-American Kodak. The reason for this was that our systematic penetration of the Norwegian market began only in 1926, after the organization of the I. G. Farbenindustrie. The sales were stimulated by the fact that generally speaking the market for photographic supplies was considerably expanded. In 1927 our turn-over amounted to RM. 246,000; it could be increased to RM. 740,000 in 1939. This steady

increase was interrupted for a short time only in the year 1933 because of the depreciation in the rate of exchange. From that time on and until the beginning of the war the increase continued steadily.

Attempts to regulate the market as far as prices for photoplates, photopaper, and photochemicals are concerned were evident in the mutual agreements concluded by the most important competitors. The international agreements are suspended at the present time; arrangements, however, were made instead, by German exporters, in such a way that German manufacturers concluded agreements for the export of the most essential photographic supplies.

III

For the future development of the business in photographic supplies in Norway it would be desirable to introduce preferential tariffs for German products in order to eliminate foreign competition. For this purpose tariff rates on films (except X-ray films), plates, cameras and photochemicals imported from Germany should be considerably reduced, since the rates in effect up to now hindered our exports. In this respect Danish tariff rates might serve as a guide. A comparison of tariff rates shows that a duty of 400 crowns is levied on 100 kg. in Norway, while in Denmark the duty is only 70 or 100 crowns; for plates the duty in Norway is 80 crowns, in Denmark 20 crowns; for cameras in Norway 400 crowns, in Denmark 70 crowns; for photochemicals the Norwegian duty is 30% of the value whereas in Denmark it is 2 and 10 crowns, respectively, for each 100 kg.

The existing rates could be maintained in the other foreign countries; an increase in duty should be considered only for photographic paper and X-ray films.

Furthermore it is desirable that provisions which restrict the import of electrical apparatus (narrow-film projectors) should be relaxed. Pursuant to these provisions our DIN constructed narrow-film projectors had to be reconverted in Oslo, since the German make, contrary to that of other countries is not recognized in Norway.

5. AROMATIC SUBSTANCES

I

Norway does not produce any synthetic aromatic substances itself. The demand has been supplied by Germany, Switzerland, Holland, France, and England, among which there was stiff competition. Imports [into Norway] were made much more difficult by the high Norwegian tariff on our aromatic substances which amounts to 6.90 crowns per kg. for products under item 75 of the Norwegian tariff. The effect on cheap German synthetic aromatic substances of these particular rates, is especially unfavorable, whereas these same rates are of no significance in the case of expensive French blossom and aromatic-oil extracts.

II

It would be desirable in the interest of the German aromatic-substance industry to lower the tariff which hampers imports so that:

1. The tariff rates applicable to our products may be reduced to a reasonable level.

2. In connection with items concerning aromatic substances, which include articles of greatly diversified price levels, the specific tariff be so adjusted to the various price groups as to provide a correspondingly lower tariff rate for products of lesser value.

3. On the whole all the above tariffs become preferential tariffs insofar as Germany is concerned.

Furthermore, the organization of a domestic aromatic-substance industry should be subject to licensing.

6. ARTIFICIAL SILK AND CELL WOOL

The "Association of German Producers of Artificial Silk" and the professional group "Chemical Production of Fibers" are conducting negotiations with the Reich Ministry of Economic Affairs concerning matters connected with the above-mentioned products.

7. NITROGEN AND NITROGENOUS PRODUCTS

Among the countries important in the production of nitrogen, Norway, considering its size and its demand for nitrogenous fertilizers, occupies a special position in that its productions of this commodity is comparatively large. The Norwegian nitrogen industry with its total output of 106,000 tons of nitrogen (90,000 synthetic nitrogen, and 16,000 lime nitrogen) has been developed expressly for export.

The plants for synthetic products of the Norsk Hydro had originally used the so-called luminous-arc process, the development of which is connected with the names of Birkeland-Eyde and of Schönherr. This was the first synthetic process to be used for production purposes by the Norsk Hydro. This process requires a constant supply of large volumes of electric current and may be used only where cheap electric energy is available. During the years 1903 to 1905 Norsk Hydro constructed the first plants in Notodden, which later on were considerably expanded by the building of the plants on the Rjukanfluss [Rjukan River]. During the World War the Norsk Hydro plants attained a yearly production of 25,000 tons of nitrogen which during the years 1926-27 was increased to a maximum production of 30,000 tons of nitrogen.

The progressive development of the Haber-Bosch process and above all the steadily increasing exports of calcium nitrate, which had been produced by us as a means of competing with Chile saltpeter and Norge saltpeter, pushed the sales of the comparable Norge saltpeter more and more into the background. This led Norsk Hydro in 1927 to acquire from us licenses for the Haber-Bosch process and for the manufacture of our nitrogen products, in particular for the manufacture of calcium nitrate. This company made a contract with the I. G., which was to regulate exports of the company's nitrogen products and which was to be binding until 1952. The Rjukan plant was considerably enlarged by expansion of the NH_3 installation which produced only hydrogen by electrolysis and new installations for the processing of the NH_3 produced in Rjukan were constructed in Eidanger, on the Heroya peninsula in 1928 and 1929. The Norsk Hydro at that time expanded its annual output of nitrogen to 80,000 and until 1939 was pledged under the agreement with I. G. not to exceed a 90,000 output of nitrogen. The Birkeland-Eyde plants remained intact and have continued to operate in part up to the present together with the electrolytical plants.

During the first few years after the conclusion of the agreement, that is, from 1929 on, Norsk had limited its activity to the production of lime saltpeter, ammonia saltpeter, nitric acid, and soda saltpeter for industrial purposes, but in subsequent years it also undertook the production of lime-ammonia saltpeter, sulphate of ammonia, and mixed fertilizers.

The total annual output of finished products amounted during the last years to about 85,000 tons of nitrogen, of which about 80,000 were fertilizers and the rest nitrogen products for industrial purposes. Lately, 9,000 to 10,000 tons of nitrogen fertilizers were sold annually on the Norwegian domestic market, so that about 70,000 tons of nitrogen could be exported. This amount under the terms of our agreement with the Norsk Hydro was sold chiefly through the Nitrogen Syndicate mostly to the Northern markets, Spain, Egypt, and the United States.

Since the outbreak of the war our agreement with Norsk Hydro has been suspended so that from that time Hydro has been selling independently. Lately, that is, after the cessation of hostilities with Norway, the sales of Norwegian products were no longer made directly through Norsk Hydro but pursuant to a special understanding once more—in agreement with the Nitrogen Syndicate. After the war our agreement with Hydro will again be in effect so that we shall have the assurance for the years to come as before that the distribution of the Norwegian nitrogen production will be carried out in accordance with the nitrogen policy which is directed by Germany.

Besides synthetic nitrogen, Norway also produces lime nitrogen in the Odda Smelteverk, which during the last few years amounted to a maximum of 8,000 tons of nitrogen annually. By far the greater part of lime nitrogen, as in the case of synthetic products, was exported, chiefly to Holland and to a lesser extent to Sweden and Denmark.

As is evident from the above, our current close cooperation with the Norsk Hydro is chiefly through the Nitrogen Syndicate. Consequently the future relations between the German and the Norwegian nitrogen industries will be moulded by this organization.

EXHIBIT No. 7

INTERROGATION OF VON HEIDER ON NEW ORDER FOR FRENCH CHEMICAL INDUSTRY

17 July 1945.

Time: 2:10-2:50 p. m.

Q. What was the proposal of I. G. in August 1940 in regard to the formation of a huge domestic French chemical cartel?

A. A cartel for the whole chemical industry was, to the best of my knowledge never planned. I remember that we planned different cartels for different products but at the moment I don't remember about an entire cartel except the plant of Francolor.

Q. Chemicals, I mean.

A. I can't remember. Probably not, because the field of every French firm was differing. We were accustomed to have single cartels for say, carbone, bisulphide, sodium sulphide, etc., but not a combined cartel including all products.

Q. Did you propose to use the cartels to control the French chemical industry?

A. Yes; we intended to make cartels with the French producers.

Q. And you intended to join the French cartels to the German?

A. Yes.

Q. Was the head office of these cartels to be located in Germany?

A. Yes.

Q. Under German leadership?

A. Yes.

Q. All exports from France would go through this cartel?

A. Yes.

Q. Germany would have a complete control over the French chemical industry?

A. Yes. I. G. and the German chemical industry.

Q. In regard to the construction of new plants and the enlargement of existing plants in the military war sector of chemicals in the dominated countries did I. G. propose that the consent of the Nazi government was necessary?

A. Yes.

Q. Did you intend in respect to the relations between Germany and the other countries in Europe to always control their production of military chemicals so that the Wehrmacht was always supreme? Is that right?

A. Yes.

Q. In regard to the relations between Germany and conquered Europe and the rest of the world including U. S. A. you proposed to control trade and to use your own economic warfare measures to undermine, to weaken the military potential in chemicals of the U. S. A. and the other free countries of the world?

A. In 1940 we were asked by Dr. Ungewitter, in charge of the Reichsstelle Chemie to make a report on a base given to us that the government intended to form an economic unit of occupied Europe.

Q. And you were then asked for proposals regarding your field of chemistry, about imports and exports and organization of new plants, etc.?

A. Yes. We have given them answers to these questions based already on a program.

Q. Were they written instructions?

A. I think there must exist these instructions. I can't remember whether they were written or whether our Berlin gentlemen brought these orders to us and so we were asked to answer on a given basis.

Q. Who is Mr. Ungewitter?

A. He was formerly the manager of the Verein zur Wahrung der Interessen der chem. industrie, then he was in charge (1) of the Reishestelle chemie, (2) Wirtschaftsgruppe Chemische Industrie. He was practically the head for the chemicals in the ministry of economics, i. e., the subordinate body.

Q. In regard to the conquered countries in Europe the base laid down by the Nazi government to you, was that the German Wehrmacht must always be supreme in military weapons? And production of warfare weapons by other countries must be controlled by the Wehrmacht or the government?

A. I think that's right.

Q. On that basis I. G. prepared its plans proposing, among others, that the erection of new plants, the enlargement of existing plants, etc., in the dominated countries must be under the Nazi government.

A. Yes.

Q. In regard to the relations between dominated Europe and the free countries what was the basis laid down by the Nazi government?

A. The Nazi government intended to have the German Wehrmacht as strong as it could.

Q. Was it intended to control the trade relations between Germany and the conquered Europe that the Wehrmacht would be supreme in weapons?

A. Yes.

Q. I. G. on the basis of that, submitted its proposals for keeping Germany supreme in chemical warfare weapons in regard to the U. S. A. and the other free countries of the world?

A. Yes.

Q. Did I. G. propose to use its cartel, its participations and its exchange of experiences with the U. S. A. and the other free countries of the world to keep the Wehrmacht supreme in chemical warfare weapons? Is that correct?

A. Yes; in effect that would be the result.

Q. Was I. G. the instrument for keeping the Wehrmacht supreme in chemical warfare weapons?

A. Yes.

Q. How did I. G. propose to keep the Wehrmacht supreme in chemical warfare weapons? vis-a-vis the U. S. A.?

A. We had proposed to give Sweden a licence on our buna and to erect a plant for buna in Sweden. But the German government interfered and did not allow us to do that. And so in effect we were the instrument that Sweden did not get the buna plant.

Q. The question is vis-a-vis the U. S. A.?

A. I did not understand the question.

Q. How did you propose to use your cartels for example in order to keep the wehrmacht supreme in chemical weapons—against the U. S. A.?

A. By getting agreements with each as much production as we could get.

Q. And restricting American production in needed military materials?

A. Yes.

Q. Every time you made a cartel agreement your purpose was, among others, to see to it that the requirements of the Wehrmacht were satisfied and that the military strength of the U. S. A. in regard to military weapons was undermined.

A. In effect. Yes.

I have read the record of the interrogation and swear that the answers therein given by me to the questions of Mr. Weisbrodt and Mr. Devine are true.

KARL V. NEIDER,

Director in the I. G. Farbenindustrie Aktiengesellschaft.

EXHIBIT No. 9

MEMORANDUM FOR THE FILES ON "PLANNING OF THE PEACE"

Highly Confidential

BERLIN NW 7, UNTER DEN LINDEN 82, August 7, 1940.

Re: Planning of the peace.

Our Ref. No. T/C.

As the result of a conversation between Mr. von Schnitzler and Mr. Frank-Fahle, the undersigned has been ordered, in accordance with the wishes expressed by Mr. von Schnitzler, to submit now to the competent official quarters documentary evidence on the planning of the peace insofar as this material is now available, that is, (1) the letter, (2) the "General Part", and (3) material concerning France.

1. All these documents were submitted to Ministerial Director ("Ministerialdirigent") Schlotterer during a two-hour discussion on the basic problems, which—insofar as this was possible considering the vast amount of material—touched upon matters of principal importance contained in the I. G. material.

On the whole, Ministerial Director Schlotterer reacted very favorably to the evidence submitted by us. He was particularly impressed by the methodical way in which the I. G. had dealt with these problems and by our evaluation of any special problems.

Because of his favorable reaction we are not only given free reign as to the proposed composition of the report—a description of the individual countries in the order selected by the Business Committee—but also in regard to the inner

organization of the underlying material, i. e., in regard to the organization of the material by topics, as outlined in the letter sent to Ministerial Director Schlotterer.

It must be emphasized that Ministerial Director Schlotterer considered it necessary for us not only to formulate our specific wishes in a clear and concise manner, but also to lay down a broad outline of the "General Part," to describe the preceding historical developments and to submit the wording suggested for our more general wishes and intentions. Ministerial Director Schlotterer was also convinced that the "General Part" should be organized the way it is and he agreed with the arguments which form the basis of this "General Part" (Leading position of the German chemical industry in 1940; subsequent decline due to the Treaty of Versailles; the necessity for regaining this leadership within the framework of the new order).

The discussion of the individual points of the program centered mainly around the part concerning our business in dyes, which, as you know, touches upon the most important interests of the I. G. Ministerial Director Schlotterer was of the opinion that the program as formulated by us by no means expressed exaggerated demands on our part and that it might even be incorporated into the peace treaties. In connection with this, there was a discussion on France's desire to bring about negotiations with the German dyestuff industry. Mr. Schlotterer thought it advisable to take up this matter in close cooperation with the Hemmen Company but to compare notes with Dr. Ungewitter prior to negotiations with the French, in order to make sure that a participation, which we may consider sound business from the point of view of a private economy, would not jeopardize interests of the national economy, which are entrusted to Dr. Ungewitter. In the case that negotiations with Dr. Ungewitter should meet with difficulties, Ministerial Director Schlotterer expressed his willingness to discuss such divergencies with us.

Although he thus agreed in principle to our entering into negotiations with the French in Wiesbaden, Ministerial Director Schlotterer stressed the necessity of taking up the subject matter of such negotiations only after it had definitely been made sure that the French visit was not aimed at gaining a favorable status for France by attempting to prejudice further negotiations, but that the French indicated openly that genuine necessity obliged them to recognize the superiority of the German dyestuff industry.

A further example, which came up for discussion, was the Kodak case. There can be no doubt that Ministerial Director Schlotterer shares our opinion, namely, that it is necessary to remove the Americans from French production scene with every means at our disposal. The determination with which he, Schlotterer, expounded this thesis leaves no doubt that we ought not to be too much concerned as to the means we are to be allowed to use.

The proposals made by the subdivision "Chemicals" in regard to the establishment of long-term syndicates likewise met with approval.

Our over-all proposals concerning preferential tariffs, quotas, prohibition of new construction, and the introduction of a licensing system were characterized by Ministerial Director Schlotterer as a possible basis for a regulation of German-French economic relations. He stressed in particular that he was favorably impressed by the effort displayed by the I. G. in the examination of questions concerning economic policies.

As soon as Ministerial Director Schlotterer has had an opportunity to read through the documents carefully, he will let us know his final attitude in this matter and he will also give us some hints, which may be very valuable in the handling of material which may reach us in the future.

2. A discussion with Ministerial Director Imhoff, which took place at the suggestion of Ministerial Director Bergemann, showed that there was the same agreement on matters of principle as during the discussion with Ministerial Director Schlotterer.

Mr. Imhoff was particularly impressed by our arguments as to the sort of preferential treatment planned by I. G. for European countries and for Germany in particular. He believes that he can use these arguments for the final draft of the so called "European Clause" which he is preparing just now.

The following points are of particular interest:

1. It is evident that German material superiority must also result in a clear-cut superiority over France in the field of economic policy. In this connection, Ministerial Director Imhoff pointed out that it was not intended to cripple French economic life but to reestablish French economy on a sound basis, although such proceedings must be subordinated to the interest of German economy in no uncertain fashion.

2. I. G. plans with regard to participations, tariffs, quotas, the forbidding of new construction and the requiring of compulsory licenses for new establishments met with Mr. Imhoff's approval. It was particularly interesting that he thought that a participation of only 50% as suggested by I. G. was "very decent." He believes furthermore that the possibilities of reaching an understanding between the private industries of the two countries should be explored to the utmost. On the other hand, such an understanding must not result in a compromise which would be detrimental to German interests.

3. Mr. Imhoff approved, subject to further examination, the general intentions on the part of the I. G. concerning the right to establish subsidiaries and concerning tax policies. He thought that the program as formulated by us represented a goal most difficult to attain but he was so convinced of its basic importance that he intends to incorporate it into his plan.

As to the order in which this subject should be handled in the report, Mr. Imhoff stressed the fact that it would be advisable to take up first the problems connected with Holland, Belgium, and Denmark.

3. The discussion with Ministerial Director Schulze-Schlutius, which took place at the suggestion of Ministerial Director Bergemann, met with the same unqualified approval. Mr. Schulze-Schlutius made only one additional recommendation, namely, submission of the material in question also to the new Departmental Chief for French Affairs, Counsellor Klesper in the Ministry of Economics and also to Counsellor Jahnke. This material has been submitted in the meantime. On the other hand, he did not consider it imperative to submit the material at this moment to Mr. Sagert (head of the Department for Capital Investments). As to this matter, we suggest waiting for the return of Ministerial Director Bergemann.

4. With regard to the National Group "Chemicals" we were not able to submit the material to Dr. Ungewitter, who is on an extended official trip but, after an interview with Mr. Dietrich, we submitted it to the local Office for Import Permits (Mr. Born). We believe it to be particularly fortunate that Mr. Born, who is competent in every respect for all problems involved is now the person whose decisions count. The material submitted has come up to Mr. Born's expectations to such an extent, that we may rightly believe that we have found in him a reliable champion for our methods. This fact is particularly important, since the methods preferred by Mr. Ungewitter are not the same as those suggested by us.

This latter fact was in evidence to a certain extent when we submitted the material to Mr. Born. The National Group "Chemicals" intends, according to statements made by Mr. Born, to proceed as follows:

1. It intends to list all principles connected with economic policies, which are to be decisive for the future structure of the European chemical industry. By thus prejudicing the principles concerning the future structure of the chemical industry, it is intended to have the Ministry of Economics give carte blanche to the chemical industry so that this industry may be able, within the framework of the principles approved by the Reichs Ministry of Economics, to proceed as it sees fit.

The basic principle which the National Group wants to apply with regard to the future structure of the chemical industry is the principle of established cartels. We were able to ascertain this after going through the completed draft submitted by the National Group. The entire European industry is to be organized on a voluntary basis in such planned cartels. This organization would be able to regulate production and sales under German supervision and according to German interests. Relations between these cartels and those in non-European countries would be handled by special syndicates

- which are attached to the cartels.

2. Mr. Ungewitter intends to suggest such an over-all regulation to Ministerial Director Schlotterer and to add to his suggestions a few practical examples, as for instance, cartel agreements for aniline dyes, nitrogen, and similar important standardized products. Once these proceedings are approved by Mr. Schlotterer, Mr. Ungewitter would be authorized to leave it to the discretion of German industry as to how it would organize and manage its cartels which would operate under the supervision of the State.

3. Mr. Born declared of his accord that the National Group had elected to proceed in this fashion mainly in order to avoid red tape in the solution of postwar problems. He emphasized, furthermore, that the dissolution of the National Group's own bureaucracy should also be contained in suggestions to be submitted to Ministerial Director Schlotterer. However, he did

not mention the fact that although the bureaucrats may disappear from the ranks of the National Group as such they may reappear all the more actively in the management, control, and direction of the cartels and syndicates.

In any case, this very interesting manner of reasoning on the part of the National Group does not reveal as far as we have ascertained up to now any intentions on the part of Mr. Ungewitter not to take an active interest in the structure of the future chemical industry of Germany. It may very well be that Mr. Ungewitter's viewpoint corresponds with our ideas as to the necessary steps to be taken. However, since this is by no means certain and is not assured for the future, it will continue to be necessary to follow very closely Mr. Ungewitter's policy with respect to the above-mentioned carte blanche and furthermore to assume a skeptical attitude for the time being and, if necessary, attempt to gain a certain influence in the formulation of the over-all regulation planned by him. This attempt should be made only when future discussions between Ministerial Director Schlotterer and Ministerial Director Bergemann reveal that the Reich Ministry of Economics considers such a general regulation practical and sensible. In order to determine the National Group's reaction, the fact should be stressed that Mr. Born has asked us to think now about the problem of an over-all regulation, since this would represent a very valuable supplement of our equally valuable report on France. We have explained to Mr. Born that we consider the French case not only as an example for subsequent reports on other countries, which have been requested by the Ministry of Economics, but that we think that this case should be used as a model for the solution of all actual problems, which arise in the course of the economic penetration of large territories. Mr. Born was very much in favor of a combination of these two schools of thought and he believes that this combination of the more theoretical way of the National Group and the more practical way of the I. G. will bring about very favorable results in the planning of the peace. In a subsequent conversation, which lasted almost two hours, we took up the whole problem as planned by the I. G. with Mr. Born. During this conversation, Mr. Born agreed in principle with the arguments, which form the basis of our report with the wording of the individual paragraphs and with the proposals, which we submitted.

He was of the opinion that the demands made by us should express only our minimum requirements and that we would be able to make even greater demands without endangering the interests of private economy if the official attitude toward France should stiffen. We accepted this as a general thesis.

As to our special intentions expressed in the memorandum, Mr. Born had nothing to say. He will read it through carefully and if he has any comments to make, he will let us know about them immediately. In addition to this, the following points were of particular interest:

1. Mr. Born believes a solution of the problem "Kodak-Europe" to be extremely difficult, if the German Kodak Company attempts to become the successor of the Kodak Company in Europe against the wishes of the National Group.

2. Mr. Born made it quite clear that the Herman Goering Works are interested in acquiring the Belgian Solvay Syndicate. This is very remarkable since the German Solvay Company is hardly able to solve this problem due to a lack of ready capital.

3. Mr. Born believes that the problem AKU-Holland can be considered as definitely settled.

4. Mr. Born suggested that we ought to find out whether the I. G. was not interested in any way in the Unilever Company.

5. Mr. Born declared furthermore that in his opinion the problem of tariffs would not become urgent for a long time to come. However, the National Group is engaged just now in preparing suggestions for a new tariff.

6. Mr. Born is fairly sure that the existing customs frontier between the Reich and the Protectorate will be abolished as of October 1 of this year.

(s) _____

EXHIBIT No. 10

STATEMENT BY DR. VON SCHNITZLER, SEPTEMBER 8, 1945, ON SCOPE OF FARBEN'S NEW ORDER

To what an extent the ideas and intentions of the Reichs-Wirtschafts-Ministerium have determined the drafting of the "Neue Plan" of I. G. becomes clear by the fact that Terhaar who was in continuous contact with Reichs-Wirtschafts-Ministerium and was thoroughly informed of their aims, took personally the

"Regie" of the preparatory work in hand, he came to visit the different "Verkaufsgemeinschaften" and explained in especially put up "working committees" the clauses which he had elaborated on the basis of the guiding principles which he had received from Reichs-Wirtschafts-Ministerium. He pointed out that the plan should be as comprehensive and as thorough as possible and that the point of view of the authorities should under all circumstances be respected, namely, by far-reaching guarantees through a reliable German control to achieve the best possible strengthening of the German militaristic potential.

The elaboration should be made in such a way that it should not give a weapon in the hands of those manifold circles in the Reichs-Wirtschafts-Ministerium, in which criticism against I. G. was prevalent. I. G., being known as internationally linked and entangled and possessing many friendships and relations abroad, should not give the impression of a predelection for liberal handling and thus give those circles—Kehrl and his surrounding—an easy argument to refuse the plan of I. G. as an insufficient instrument. When the "Neue Plan" was elaborated, the war with England was still going on. One expected England's defeat but one could not discount it in such a way that special plans for England could be handed over to the government. Thus I am firmly convinced that the "Neue Plan" did not contain proposals regarding England. The preparatory work done inside the different departments had only an importance of informational character, but can in no way be regarded as I. G.'s official standpoint as the preparatory work had not yet been presented to the competent authorities inside of I. G. itself. It is obvious that the government's first interest was a militaristic one. Therefore the main points in the "Neue Plan" will have been:

Firstly a strict control over the whole chemical industry of Europe that no new plants for military chemicals should be created and that the production of such chemicals in the existing factories should be supervised.

Secondly, no licenses or know-how for such chemicals should be given to the chemical industry outside of Europe without before having asked I. G. of their opinion. This measure of course can be understood as being directed against the United States, because the United States remained apart from Russia the only country with a great economic potential in the outside world.

FRANKFURT, Sept. 8th, 1945.

(Signed) G. VON SCHNITZLER.

EXHIBIT No. 11

INTERROGATION OF VON SCHNITZLER, JULY 17, 1945, ON SCOPE OF FARBEN'S NEW ORDER

17 July 1945

Time: 10:30–11:00 a. m.

Q. Yesterday you told us that in August 1940 it was the plan of the Nazi Government to seize the entire French industry including the dyestuff industry. Is that right?

A. Not to take over. "Beschlagnahme" means not as much as "seize" in English.

Q. To sequester the property?

A. Yes.

Q. Based on discussions between I. G. and the Nazi government in July or August 1940 I. G. made the proposal to the Nazi government that it be permitted to purchase 50% of the French dyestuff industry from the Nazi Reich?

A. Yes, eventually. That means for us—

Q. Did you make the proposal to buy 50% of the French dyestuff industry from the Nazi Reich?

A. I think so, it is in the letter to the Reich.

Q. Is that letter to the Reich signed by you?

A. Yes; it must have been signed by me.

Q. You then told us that after Hitler and Petain shook hands at Monthoire there was a change in regard to dealings with the French industry. It was to be on a collaboration basis in the purely economic sphere?

A. That is right.

Q. When did you first learn of this change of line? In regard to the treatment of French industry—

A. What I only know is this: We wanted to acquire 50% for us, of course it made no difference whether we bought them from the Reich or—

Q. When did you first hear of a change of line?

A. Shortly after Monthoire.

- Q. From whom?
- A. From the newspapers or the discussions in Berlin.
- Q. With whom?
- A. Herr Mulert.
- Q. Was there another meeting in Wiesbaden?
- A. Wiesbaden comes later.
- Q. What happened at this meeting in Wiesbaden?
- A. The French group approached us.
- Q. Was this a meeting with the officials of the Nazi government?
- A. Yes; with Mr. Henmen. He was charged with the negotiations as civilian head, was appointed by the Nazi government to handle armistice questions.
- Q. Who attended this meeting.
- A. On the part of the government Henmen and Schone; of I. G. ter Meer, myself, Waitel, Kugler, Eckart. In November 1940.
- Q. At this meeting minister Henmen told you that you could deal with the French industry on a purely private basis?
- A. Yes; we could deal with them on a private basis.
- Q. This was part of the armistice negotiations?
- A. Yes.
- Q. How were these negotiations conducted, what happened first?
- A. The French started these negotiations. The renewal of the cartel agreement was refused by me and Herman. We came to the idea that we should take a participation in the French industry, limiting strictly on the dyestuff field.
- Q. How much of the participation did you ask for in the French dyestuff industry?
- A. At that time neither the 50 nor 51% have been cited.
- Q. Did you hand the French a memorandum on that?
- A. Yes.
- Q. When?
- A. In November.
- Q. Was this memorandum handed over to the French at the first armistice meeting?
- A. Yes.
- Q. Did you ask for a percentage of the French dyestuff industry?
- A. I asked for the "Führunganspruch." I can't tell you whether in this first memorandum we asked for the percentage.
- Q. What was the theory on which the memorandum was based?
- A. I have never asked to the French any other figure than 51%.
- Q. You asked for 51% of the French dyestuff industry in the memorandum and never asked for less?
- A. Never less than 51% (Führungsanspruch means aim for leadership).
- Q. In your original proposal to the Nazi Reich you have asked for 50% of the French Industry?
- A. Yes.
- Q. Why was it that you now asked for 51% in regard to your dealings with the French on a purely private basis?
- A. This was due to an inner political development inside I. G. I would only have asked for 50% but the technical men said we must have 51%.
- Q. Whom did you recommend for president?
- A. We have recommended Frossard.
- Q. He was a Nazi-Vichy government collaborator?
- A. Yes. He was the only man who was ready and able.
- Q. And who were the other members of the French board?
- A. Duchemin.
- Q. Was he a collaborator?
- A. Yes, to a certain extent.
- Q. All the other members who became leaders on the French side were collaborators.
- A. Yes, more or less adhering to Petain.
- Q. Who were the representatives of I. G. in the board?
- A. We were four, I, Dr. ter Meer, Dr. Ambros, Waibel.
- Q. Who had recommended Frossard for the position as president?
- A. I said to Mr. Luchemin, the president of Kuhlmann: "Of course, there cannot be any doubt that Frossard would be president."
- Q. You recommended him?
- A. Yes.
- Q. And the French agreed?
- A. Yes.

Q. Were there any members of the original French company who did not become members of the new Francolor?

A. We took all the personnel over with the exception of M. Rhein. He was an employee of the Badische Anilin und Sodafabrik Ludwigshafen before the first world war. He was not apt for military service. During the first war he was in Ludwigshafen as a German subject, being Alsatian by birth. After the war he became French.

Q. Was he a member of the original company? I. G. felt that they could not control him?

A. Yes, in a certain way. We refused him from an economical point of view. Did not think him reliable.

Q. How many French dyestuff companies were there before the war?

A. Practically, only three.

Q. Of these 3 French dyestuff companies how many would join the new Francolor?

A. All.

Q. In the newly organized German/French company the entire French dyestuff industry was absorbed?

A. Yes, except two small factories. They did us no harm.

Q. Did you have them closed?

A. Partly having closed them and partly giving them the products of Francolor to sell.

Q. You controlled them?

A. Indirectly we controlled them.

Q. What happened to all the stocks, properties, etc.?

A. All was absorbed.

Q. What happened to the foreign properties of the company? What happened to the stocks in South America? Were they absorbed by the new Francolor?

A. In principle the Francolor took over everything concerning the dyestuff domain including the foreign holdings, but only if they could be reached.

Q. Because you could not reach the South American stocks you could not take them over?

A. Yes.

Q. As a result of the negotiations the Alsatian-Lotharingian property got into the control of I. G.?

A. Yes, later on. We had to take over the control from the authorities in Strassburg. The Reich considered this Alsatian property as seized and not to be free for negotiations of a private character. We could deal about the whole French position all over the world, except this small factory in Mulhausen.

Q. Did you propose that only the I. G. controlled Francolor be permitted to deal in dyestuffs and to control the entire dyestuff industry?

A. Yes.

Q. Did you also propose that all constructions either new construction or enlargement of existing plants in regard to chemicals which could be used in the armament field be under the control of the Reich?

A. I think so. That has nothing to do with Francolor.

Q. In regard to chemicals what did you propose as to a cartel arrangement?

A. This is difficult for me to answer. You know that our firm is split up in different departments. I did not handle the chemical matters.

Q. How did you propose to control the resources of greater German controlled Europe in regard to your dealings with countries of the world which were yet free, e. g. the U. S. A.?

A. We followed simply the governmental lines. This thought of Grossraum-Wirtschaft should work in such a way that the total of the European countries should have an entire uniform policy.

Q. What was this policy in regard to Chemicals in the armament sector? Did you, for example, hope to negotiate with the United States with respect to chemicals in the military sphere through your control of South American markets?

A. Never. Nothing so far-reaching.

Q. You intended to use your cartel foreign participations and exchange of experiences in order to control relations between this European sphere and U. S. A.?

A. No. In no way to the U. S. A.

Q. In regard to what countries?

A. In regard to the countries of the Grosswirtschaftsraum Europe, except Russia.

- Q. Did you sign that letter to Mr. Schlotterer?
 A. Yes, that might be.
 Q. What countries did I. G. propose to control in regard to their supply of military chemicals?
 A. South America, besides the European countries.
 Q. Why did you want to control the supply of military chemicals for South America? Did you fear South America's might?
 A. No, but the eventual production which could be the help in a new conflict.
 Q. Between whom?
 A. Say U. S. A. and Europe.
 Q. Did you intend to control the supply of military chemicals in Latin America because you feared a potential conflict between Germany and U. S. A.?
 A. Yes.
 Q. These were Post-war Plans?
 A. Yes.

G. v. SCHNITZLER.

EXHIBIT No. 12

STATEMENT BY DR. VON SCHNITZLER, SEPTEMBER 5, 1945, ON SCOPE OF
 FARBEN'S NEW ORDER

[Typed: Werner]

SEPTEMBER 5TH, 1945.

It must be remembered that in preparing the "Neuordnung" we were following the lines of the so-called "Gross-Raum-Politik" laid down by the government. We were looking to the overwhelming downfall of France and eventual capitulation of England when we prepared the document. It must be remembered that we knew well the aims and policies of the government and we knew that it was the intention of the government to improve its strength in relation to the countries outside of the European sphere. This meant, of course, the United States because outside of Europe the United States was the only strong country with which Germany had to reckon. Therefore, we wrote in the "Neuordnung" that we intended to keep Germany as strong as possible militaristically in relation to the United States. We could accomplish this only by limiting the production of armaments in Latin America. We did not want in the event of an eventual conflict with the United States to permit Latin America to supply the U. S. A. with war materials. It should be remembered that I. G. had to follow the lines of the Nazi government.

(Signed) GEORG VON SCHNITZLER.

EXHIBIT No. 13

INTERROGATION OF DR. KURT KRUGER, JULY 19, 1945, ON SCOPE OF FARBEN'S
 NEW ORDER

19 July 1945.

Time: 10:40—11:45

- Q. What position did you hold?
 A. I was a "Prokurist" with the title "Direktor" in the Central Finance Dept. till last year. Then I went to the Stickstoff-Syndikat, was in charge of the Fertilizer sales department.
 Q. Who was your immediate superior in the Finance Department?
 A. Ilgner.
 Q. Who was Ilgner's superior?
 A. Schmitz.
 Q. Do you remember in 1940 there were discussions between representatives of I. G. and the Nazi government in regard to the formation of a new world economic order?
 A. No. I remember now very well that we had the charge to make preparations for how to run the chemical industries in the different European countries.
 Q. Why did you say "No" to my question?
 A. I understood that it would be a general plan for the whole economic sphere.
 Q. So that in 1940 soon after the defeat of France I. G. had discussions with officials of the Nazi government in regard to the formation of a new world order in the chemical sphere?
 A. Yes; especially how to participate I. G.'s activity in the other chemical industries. There were some different points of view with the Nazi government. Some had the idea to run the economics on a more private character and others

more on a state character, to put out the I. G. and have them taken over like "Staatsbetriebe" state works. The representative of the latter idea was Kehrl, the representative of the idea of the more private character was Schlotterer, both in the Reichswirtschaftsministerium.

Q. You, i. e., I. G., agreed with Mr. Schlotterer?

A. Yes.

Q. Were the relations between I. G. and Schlotterer very cordial?

A. Yes; on account of his relations to Dr. Terhaar.

Q. Was he also an old member of the Nazi party?

A. I don't think so. Schlotterer was in the press and Terhaar also.

Q. Had Mr. Schlotterer any interest in I. G.?

A. No. Schlotterer had no interest in I. G. He was a very ambitious man, a young man who liked to and did make a good carrier.

Q. Where is he now?

A. I don't know.

Q. Did you participate in these discussions with Dr. Schlotterer?

A. Yes. Because at that time I remember that Ilgner was not there and I had to replace him.

Q. Where was Ilgner?

A. He came back just at that time. It was in autumn 1940.

Q. What was the date of your first discussions with the ministry of economy?

A. In this question?

Q. Was it in summer of 1940?

A. Yes; in summer 1940. That was connected with the questions of armistice with France and in these questions we had also discussions with Schlotterer and with Hemmen.

Q. Who was Hemmen?

A. Hemmen was the leader of the German commission of armistice in Wiesbaden in the economic sphere. He also was an old acquaintance of Terhaar.

Q. You had many discussions with Schlotterer in regard to peace negotiations?

A. Not so many. I think only one or two.

Q. Who was present?

A. I don't remember. I suppose Mr. Terhaar. As far as I remember the first plan of Schlotterer's idea to make a wide plan was told us by Terhaar. They were together and then Schlotterer started the plan to be prepared especially for the chemical sphere for all events. And Terhaar as the chief of the Wipo with Ilgner's organization in Berlin took up this idea and this task very energetically.

Q. You said the Wipo was Ilgner's department.

A. This too. Ilgner's department was Berlin N. W. 7, a composed department of Central Finance, Wipo, National Economics, etc.

Q. You said that Ilgner was away the first time the discussions were held with Schlotterer?

A. He just came back in these days. I remember very well, Terhaar was glad to have not so much to do with Ilgner in this preparations because the manner Dr. Ilgner liked to work was a little difficult for all this inferiors and especially at that time Dr. Terhaar suffered about this kind of work.

Q. What do you mean?

A. It was my special suffering this great difference between Ilgner in regard to inferiors. He was very autocratic.

Q. When Ilgner came back was he fully familiar with all these facts in regard to this plan?

A. Ilgner never was in all these things deeply informed. He liked to do everything but not to go into details. He did not like to work. He liked to organize. He liked to be the successor of Schmitz and that very soon and, therefore, he liked to get influence on a great deal of I. G.'s general business politics especially also in the fields of sales organizations, but his colleagues did not like his ambition in this regard and so he went on to make a special superorganization with all the central departments. In that field he liked to deal with the government and the Auswärtige Amt.

Q. So that he was engaged in many mixed industrialist government commissions?

A. They were private economic commissions under governmental presidency and under governmental leading.

Q. They would mix members of industries and members of the government?

A. These men of finance and industry were experts and had to be at the disposal of the government who had to ask them and give them tasks to prepare plans.

Q. Would Ilgner be familiar with the peace plan?

A. Yes.

Q. He would know what the purpose was in the formation of this new world order, is that right?

A. Yes. About Ilgner: These plans were taken up by I. G. with special interest because I. G. feared that the other influence in the Nazi government would be the greater and would take away all the chemical industry business to the state and to put out I. G. Therefore Schnitzler and Kugler and von Heider too were very busy to give information.

Q. And preparing these plans I. G. and all its directors were very serious about it? Is that right?

A. They were serious to give full attention to the plan, because most of them hoped that this plan would come into action.

Q. And you also wanted to increase the power of I. G.?

A. Yes; Ilgner too was serious about this plan and was very active in considering I. G. proposals. He also liked to have a stronger and bigger I. G.

Q. He was very friendly with the officials of the Nazi government?

A. He liked to be perhaps. He had no reaction because his manners and his attitude was a little too conceited. He had some friends, as Clodius and Reinhardt but most of these people did not take him too serious.

Q. In preparing these proposals I. G. had in mind to make I. G. all powerful in the chemical sphere in Europe? Is that right?

A. Yes; you may say so.

Q. I. G. wanted to increase its power all over Europe. Is that true?

A. Yes.

Q. In preparing its proposals for the peace plan or the new world order plan I. G. wanted to increase its power all over Europe in the chemical sphere and it did that by either taking over ownership or a controlled participation or by a very rigid cartel agreement; or if it could not control or it was not in the best interest of I. G. that an industry in another country continued to do business, I. G. wanted that firm eliminated?

A. Yes.

Q. It was because Hitler shook hands with Petain at Monthoire that the original idea of taking over all French industry and of all conquered countries was changed?

A. We don't have to seize them any more because the people had the same in mind with us.

Q. They were collaborators? And that it was then not necessary to seize them?

A. Yes. It was not necessary because Mr. Hemmen and officials of German Govt. were much stronger in handling this question of German industry influence in the other countries than I. G. itself and especially in the question of 50% in France.

Q. On a purely economic sphere I. G. should, after the defeat of France, plan to dominate completely, control the dyestuffs, the chemicals, and relative industries of all the conquered countries in Europe?

A. Yes.

Q. In the military sphere I. G. proposed to control the production of military chemicals, chemicals that could be used for war, in the dominated countries so that Germany will at all times be supreme in military chemicals and so that the resources of these countries in military chemicals will always be at the disposal of the Wehrmacht in the event of a new war? Is that right?

A. Yes.

Q. I. G. also proposed to control trade relations between the German-conquered countries, on the one hand, and other countries of the world, on the other hand, like the U. S. A., for example, so that in regard to the free countries of the world, the Wehrmacht will always be supreme in military warfare chemicals? Is that right?

A. I don't understand the question.

Q. In the case of France, I. G. and the Nazi government could directly control French production of military chemicals. For example: If a French company is to build a plant producing war chemicals, I. G. and the Nazi government would not permit it.

A. Yes.

Q. As regards the free countries of the world you did not have the power to directly control their production of military chemicals, is that right?

A. Yes.

Q. But with your own and newly founded power in dominated Europe it was necessary to handle your trade relations with the U. S. A. in such a way as, at all times, to benefit the I. G. and the Nazi Wehrmacht? Is that right?

A. Yes.

Q. And your representatives abroad were always the eyes and the ears of I. G. to report on military production in foreign countries? And you intended to use them in the future to report to you about military production in foreign countries, especially the U. S. A.?

A. I don't know.

Q. Why did you propose it in your plans?

A. I have it not in mind at the moment.

Q. In making such proposals in 1940, I. G. and the Nazi government must have anticipated and must have intended to make war against U. S. A. Is that right?

A. I think everybody had to expect it, because when Nazi government go further, U. S. A. would not see that they are going further.

Q. Whom would Germany attack after having defeated all Europe? U. S. A.?

Q. I have no idea.

Q. When these plans were made was there an expectation to attack the U. S. A.?

A. I can't say. The idea of Nazi government was not to conquer but to have a powerful standing against the U. S. A.

Q. You mean until the time came that you would have attacked the United States? Didn't all I. G. directors and the industrialists know that Hitler planned to attack the U. S. A. after he conquered Europe?

A. In my opinion, in 1940 most of them were optimists and believed also as far as they deemed a war between Germany and U. S. A. possible, that the actual war would be won very soon, so that U. S. A. would not be involved in it at all. To the extent, as this hope died away, they must and might have taken this possibility more and more in consideration.

I have read the record of this interrogation and swear that the answers therein given by me to the questions of Mr. Weissbrodt and Mr. Devine are true.

K. KRUGER, *Director.*

Interrogated by—

Mr. ABE WEISSBRODT.

Mr. NEIL DEVINE.

CHAPTER VII

EXHIBIT No. I

ESTIMATE OF DAMAGE TO FARBEN PLANTS

1. *Original value* or construction cost respectively.¹
2. *Damages* caused by air raids as of 31st of January, 1945.
3. *Percent of destruction.*
4. *Present capacity of production*, if sufficient raw materials and labour are available.

	Original value 1	Damages 2	Percent of destruction 3	Possible production in percent 4
	<i>Millions of Reichsmarks</i>	<i>Millions of Reichsmarks</i>		
A. I. G. Plants:				
I. American zone.....	439	41	5	98
II. French zone.....	870	379.5	40	70
III. English zone.....	662	63.7	10	95
IV. Russian zone.....	2,860	260.9	10	90
V. Plants not within the boundaries of Germany.....	426	54.2	12	90
Total I. G.	5,247	799.3	15	90
B. Plants in which I. G. has a substantial financial interest and with which exists a close technical cooperation:				
I. American zone.....	36	12.5	30	70
II. French zone.....	387	32.9	15	85
IV. Russian zone.....	583	172.6	30	70
V. Plants not within the boundaries of Germany.....				
Total	1,006	218	25	75
Total A+B	6,253	1,017.3	17	87

A. I. G. PLANTS

	Original value 1	Damages 2	Percent of destruction 3
	<i>Mill. RM.</i>	<i>Mill. RM.</i>	
I. American zone:			
Höchst.....	278	5.6	2
Griesheim.....	30	7.4	10
Griesheim Autogen.....	28		
Mainkur.....	37	4.7	10
Offenbach.....	16	14.1	70
Marburg.....	4		
Bobingen.....	17		
Gersthofen.....	22		
München.....	9	9.2	90
Total	439	41.0	5
II. French zone:			
Ludwigshafen.....	465	379.5	45
Ludwigshafen Buna.....			
Oppau.....			
Rheinfelden.....	22		
Rottweil.....	34		
Total	870	379.5	45

¹ See page 1531.

A. I. G. PLANTS—Continued

	Original value	Damages	Percent of destruction
	1	2	3
III. English zone:	<i>Mill. RM.</i>	<i>Mill. RM.</i>	
Zweckel.....	9		
Leverkusen.....	352	59.8	16
Titan, 50%.....			
Elberfeld.....			
Dormagen.....	31	0.1	
Uerdingen.....	70	0.2	
Auguste Viktoria.....	66	1.2	15
Frechen.....	96	0.3	
Gerthe (stocks).....	35	0.1	1
Scharzfeld.....		1.7	
Total.....	3		
	662	63.7	10
IV. Russian zone:			
Merseburg.....	891	176.7	70
Piesteritz.....	32		
Waldenburg.....	16		
Prose.....	15		
Bitterfeld + 50% Aluminum.....	283	19.3	5
Aken + 50% Aluminum.....	42		
Stassfurt.....	45		
Teutschenthal.....	6		
Wolfen-Farben.....	163	0.2	
Wolfen-Film.....	211	0.8	
Döberitz.....	11	0.1	
Premnitz.....	68		
Parchwitz.....	2		
Berlin Treptow.....			
Lichtenberg.....	21		
I. G. Gruben.....	216	0.9	
Heydebreck.....	355	51	20
Schkopau.....	401	11.9	2
Landsberg.....	72		
Total.....	2,850	260.9	10
V. Plants not within the boundaries of Germany:			
Auschwitz.....	322	42.4	10
Moosbierbaum.....	104	11.8	20
Total.....	426	54.2	12
Total I.-V.....	5,247	799.3	15

B. PLANTS IN WHICH I. G. HAS A SUBSTANTIAL FINANCIAL INTEREST AND WITH WHICH EXISTS A CLOSE TECHNICAL COOPERATION

	Participation	Original value	Damages	Percent of destruction
		1	2	3
I. American zone:	<i>Percent</i>	<i>Mill. RM.</i>	<i>Mill. RM.</i>	
Biebrich.....	100	1 30	10.8	40
Goldbach.....	100	1 1		
Messel.....	100	1 2		
Karlsruhe.....	100	2	1.7	80
Steeden.....	100	1		
Total.....		36	12.5	30
II. French zone				
III. English zone:				
Holten.....	30	1 10	0.4	
Hüls, Chem. Werke.....	74	260	20.4	10
Knapsack.....	100	1 50	3.1	40
Duisburg.....	90.5	1 60	9	30
Nachrodt.....	50	1 7		
Total.....		387	32.9	15

1 Estimated.

B. PLANTS IN WHICH I. G. HAS A SUBSTANTIAL FINANCIAL INTEREST AND WITH WHICH EXISTS A CLOSE TECHNICAL COOPERATION—Continued

	Participation	Original value 1	Damages 2	Percent of destruction 3
IV. Russian zone:	<i>Percent</i>	<i>Mill. RM.</i>	<i>Mill. RM.</i>	
Riebeck.....	100	1 250	0.5	
Pölitz.....	31.3	1 300	166.8	60
Gapel.....	50	1 3		
Leipzig.....	100	1 20	5.2	30
Eilenburg.....	100	1 10	0.1	
Total.....		583	172.6	30
Total I-IV.....		1.006	218.0	25

¹ Estimated.

FRANKFORT a. M., 16th August, 1945.

ORIGINAL VALUE OR CONSTRUCTION COST, RESPECTIVELY

I. *I. G. Plants.*—As original values were taken the total cost of those plants, which were ready to operate at the end of 1943. To this sum were added the expenditure for the plants which were in construction at that time. The expenditure for these plants not yet ready were ca. 400 Mill. RM. and I assume, that plants to this extent would become ready for operation in the course of 1944. For the new large plants: Schkopau, Landsberg, Heydebreck, Auschwitz und Moosbierbaum were taken the total amount of the construction cost accounted for till the end of 1944.

II. *Plants in which I. G. has a substantial financial interest and with which exists a close technical cooperation.*—A similar procedure was adopted for the above works. The original values of a number of these works had to be estimated, since no data were available.

10/8/45.

EXHIBIT No. 2

DECREASE OF PRODUCTIVE CAPACITY BY AIR DAMAGE

Enclosed please find a summary of the approximate decrease of productive capacity effected by air bombing for various large productions of I. G. The figures have been estimated in the following way:

In a great number of productions where decrease of productive capacity occurred, the figures are largely determined by the heavy damage which the Ludwigshafen-Oppau works suffered. For these works detailed estimates exist as to—

(1) what capacity can be obtained after doing three months repair work and

(2) what the capacity will be after completely repairing the plant.

The difference between the tonnage figures of (2) and (1) was taken as loss of productive capacity and compared with the total capacity existing prior to air bombing.

Similar reasoning was applied to the heavy damages in other works. The figures given in the list therefore represent the percentage of total loss of plant and heavy damage which cannot be repaired in a few months' time. Since they include some damage which may be repaired at a later date, they probably are somewhat on the high side.

It has also been tried to estimate the loss of capacity in explosives. A particular difficulty in this case is the lack of information about the works of Dynamit A. G. Several explosives plants were bombed, but since the vital parts of these plants were built underground, heavy damage is not likely to have occurred. Other plants were so well camouflaged that they were not hit by air raids. All in all, air damage may have effected a decrease in productive capacity of about 5 to 10%.

OSKAR LOEHR.

FRANKFURT a/M., September 12, 1945.

DECREASE OF PRODUCTIVE CAPACITY BY AIR DAMAGE FOR VARIOUS LARGE PRODUCTIONS OF I. G.

Estimated loss in Productive Capacity

	Percent		Percent
Nitrogen.....	50	Synthetic rubber.....	16
Large inorganic products:		Plastics.....	12
(a) Sulfuric acid.....	20	Plasticizers.....	20-25
(b) Chlorine and caustic soda.....	10	Synthetic resins.....	25
(c) Sodium sulfate.....	20	Synthetic tanning agents.....	25
(d) Muriatic acid.....	5	Dyestuffs.....	8-10
(e) Sodium sulfide.....	5	Dyeing and printing auxiliaries.....	35
(f) Bichromates.....	None	Detergent raw materials.....	30
Calcium carbide.....	20	Pharmaceuticals and sera.....	None
Aluminum.....	None	Insecticides and fungicides.....	None
Magnesium.....	None	Synthetic gasoline and lubricating oil.....	40
Nickel.....	None	Explosives (possibly).....	5-10
Organic intermediates.....	8-10	Poisonous gases.....	None
Solvents.....	15	Artificial silk.....	None
Methanol.....	25	Spun rayon.....	None
Formaldehyde.....	30	X-ray film.....	None

FRANKFURT a/M.. September 10, 1945.

OSKAR LOEHR.

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