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FOREIGN ECONOMIC ADMINISTRATION
Enemy Branch
External Economic Security Staff

GERMAN ECONOMIC INTERESTS
IN PORTUGAL

October 1945

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I. SUMMARY

No authoritative statistics on German assets in Portugal exist; therefore the estimates in this report are based on a number of fragmentary reports. The figures given below are tentative and subject to revision.

German official funds	32,500,000	escudos
Blocked account containing proceeds from sale of German ships	175,000,000	"
German holdings in Portuguese colonies	62,500,000	"
Mining properties and assets cloaked therefrom	500,000,000	"
Other business interests	125,000,000	"
Individual personal and real property	125,000,000	"
	<u>1,020,000,000</u>	escudos

Equal in U.S. currency to 40,800,000 dollars.

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II. INTRODUCTION

In times of peace Portugal is a relatively unimportant factor in the economy of Europe. Its population of 7,166,000 inhabitants is devoted mainly to agriculture, fishing and mining, and its continental area equals that of Indiana. Normally Portugal's foreign trade totals about 3,200,000,000 escudos or the equivalent of \$128,000,000.

Until the outbreak of World War II in 1939, Great Britain remained the leading foreign factor in the Portuguese economy. In 1938 Great Britain was the leading foreign trade partner of Portugal, being closely followed by Germany with the United States next. During the pre-war years little foreign capital entered Portugal, and it was mainly invested in the import and export trade. Foreign capital was devoted to the exchange of Portuguese wines, cork, fish, turpentine, etc., for foreign manufactured goods and foodstuffs. Many British and Scotch firms were and still are engaged in the exportation of Portuguese wines, and they have invested millions of pounds sterling in this business. British, German and American industrial companies are represented by agencies, which frequently are owned by nationals of those countries. Portugal is economically a colonial country with little modern industrial plant. Foreign capital did not find it profitable to set up branch factories because of the excellent trading opportunities afforded by Portuguese surplus products, the undeveloped state of the country especially in electrical power and transportation, the lack of technical skills available, and the smallness of the market.

The Salazar regime has carried on a program of limited nationalization. The Government prefers Portuguese capital to invest in new enterprises, and a decree of April 1943 required all new public utility companies to be Portuguese controlled with a Portuguese board of directors and 60 percent of the capital Portuguese. Notwithstanding this desire to encourage local capital, the Salazar policy is not antagonistic toward foreign investments, for they are necessary for the development of Portuguese natural resources and modern industry. Especially important for the purposes of this study are the formerly neglected mineral resources of Portugal, which suddenly became valuable to the warring powers. Most necessary to Germany were Portuguese wolfram, tin, manganese, and to a lesser extent mica, chrome, and antimony.

Since a large part of German capital in Portugal was invested with the view of supplying Germany with strategic materials,

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a brief discussion of the war trade relations between these countries may be of value. Portugal was Germany's most important source of wolfram during the war, and wolfram is essential to the machine tool industry. Over 2,000 tons were imported from Portugal annually between 1941 and 1943, which was 50 percent of Germany's requirements. In February 1943 a special agreement with Portugal permitted the Germans to receive the product of German-owned wolfram mines and 50 percent of the yield of the free or neutral mines. In addition, Portugal guaranteed to issue to Germany export licenses to a maximum of 2,100 tons of wolfram. Although the wolfram agreement expired in February 1944, wolfram continued to move to Germany at the same rate as previously. Pressure from the United Nations, however, forced Portugal to declare a complete embargo on wolfram shipments on June 5, 1944. This embargo and the occupation of France led the Germans to begin liquidating their sizeable investments in wolfram mines in northern Portugal. Among other minerals Germany obtained were manganese, mica, chrome and antimony.

Foodstuffs were an important item supplied by the Portuguese, and several German companies were strongly entrenched in this field. Fish, almost all sardines, was shipped to Germany in large quantities. In 1943 a Portuguese-German agreement made available to the Germans 45 percent of the total sardine catch. Other foodstuffs exported to Germany were fruits and nuts, and wine; and naval stores and cork. German exports to Portugal consisted mostly of fabricated metals, armaments, chemicals and pharmaceuticals, machinery, pulp and paper, coal, and manufactured goods. Although the Portuguese preferred compensating exports from Germany, gold and free currency were readily accepted. Only in this way could the heavy German indebtedness on the goods account be paid.

Payments between Portugal and Germany were made through the clearings. The Clearing Agreement of April 1935 established the procedure by which a large part of the international payments between Portugal and Germany was to be made through the facilities of the Deutsche Verrechnungskasse and the Bank of Portugal. Since 1940 Germany has had an unfavorable trade balance with Portugal. In 1943 Germany owed as much as RM 17,500,000, and as late as April 1944 the figure was about the same. The most recent information, dated August 1, 1945, placed the German indebtedness at RM 1,950,000. Much of the reduction was probably due to the cancellation of Portuguese orders which resulted in the revoking of credits established in Germany prior to the invasion of the continent.

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III. GERMAN MINING INTERESTS AND THEIR DISPOSITION

1. Cia. Mineira do Norte de Portugal - Empresa Mineira de Sabrosa Group

Large scale German investments in Portugal commenced with the entrance of Germany into the Portuguese mining industry in 1941. As the United Nations and the Axis competed for wolfram, the price of the mineral was bid up to fantastic heights and enormous prices were paid for mines which in peace were of little value. For the purposes of clarification the German mining interests in Portugal may be divided into two groups: the Mineira do Norte de Portugal - Sabrosa group and the Silvicola group.

The former centers around the personality of Kurt Dithmer, who has built up an important bloc of mining properties in northern Portugal in the Oporto area. Dithmer is the representative of the "aryanized" ferro-alloy firm, Gesellschaft für Elektrometallurgie, Berlin, which until the occupation headed the German "ring" importing wolfram from Portugal. Elektrometallurgie is reported to be controlled by the Deutsche Edelstahlwerke A.G., Krefeld, which in turn is controlled by the Vereinigte Stahlwerke A.G., Düsseldorf. It is suspected that the Hermann Goering Werke is financially interested, and it is known that Paul Pleiger, the chief executive of that combine, participated in the "aryanization" of Elektrometallurgie.

In Portugal, the interests of the group represented by Dithmer were concentrated mainly in the Cia. Mineira do Norte de Portugal and Empresa Mineira de Sabrosa Lda. In both cases Elektrometallurgie held a majority of the capital stock. The Cia. Mineira do Norte de Portugal of Oporto was capitalized at 5,000,000 escudos and the Empresa Mineira de Sabrosa Lda. of the same city at 3,000,000 escudos. This small capitalization is highly deceptive, for these two wolfram and tin mining enterprises really controlled assets of between 400,000,000 and 500,000,000 escudos. Detailed information on the Cia. Mineira do Norte de Portugal shows that by January 1944, at the height of its operations, it had been advanced large funds. Of total assets of 180,974,974 escudos, 160,589,377 escudos came from Empresa Mineira de Sabrosa and 11,900,000 escudos from Elektrometallurgie.

For the Safehaven Project, an important question arises as to the origin of these funds. Undoubtedly several sources are involved. An interview in Germany with Friedrich Bethke, manager of Rowak Handelsgesellschaft m.b.H., Berlin, a Reich-controlled organization, leads to the belief that the German State

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may have indirectly financed many of Dithmer's activities through Rowak or some other enterprise. Another likely source of the Dithmer group's funds is the 175,000,000 escudos obtained by the Germans for the sale of several ships to the Portuguese which was blocked in the Banco Espirito Santo with the consent of the Allies. Definite evidence has come to light that the Portuguese made advances against this sum as part of a secret agreement, and the money may well have been used to finance wolfram operations. The reports received early in 1944 that Germany had received secret credits of 60,000,000 escudos outside the clearings for wolfram transactions can now be verified as dealings under the secret agreement. Some reports maintain that Dithmer may have been backed by the Hermann Goering Werke, which was a German state-owned enterprise, thereby making Dithmer's assets German public property.

When the Portuguese Government placed an embargo on wolfram exports in June 1944, Dithmer and his group began to liquidate their immense holdings. Since the mining properties owned by the Germans were readily identifiable and the war was turning against Germany, it was decided to secrete funds and property to the value of millions of escudos among Portuguese cloaks. Mining equipment, trucks, machinery, and ore stocks were sold or transferred by fake sales in order to avoid Allied control. Funds realized from sales were invested in hotels, cinemas, factories and other businesses through Portuguese cloaks. An estimate based on the best authenticated cases of cloaking shows that at least 117,000,000 escudos were transferred in this manner by July 1945, and since that date further cases have been uncovered.

The group associated with Dithmer has its headquarters in Oporto in the mining district. Among it are a number of individuals suitable for repatriation. Germans like Konrad Zembrod, Werner Ratfisch, Wilhelm Stuve, Heinrich Schlimmer, and August Hauser, a Swiss, and Gustavo Burmester, a naturalized Portuguese of German origin, have been the leading associates of Dithmer.

2. Minero Silvicola Lda. - Sofindus Group

The Silvicola group is financed by Sociedade Financiera Industrial Lda. (Sofindus), a German state-owned enterprise, which has extensive holdings in Spain. The Portuguese Sofindus organization has a capital of 3,000,000 escudos almost all of which is held by Rowak Handelsgesellschaft m.b.H. Unlike the situation in Spain where Sofindus has entered into agricultural, shipping,

* ES-2, "Transfers of Capital by Germans in Portugal to Cloaks."

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transportation, and mercantile activities, the Portuguese company has concentrated on the mining industry. About 1940 Rowak was instructed by the Ministry of Economics to organize wolfram and tin purchases in Portugal. This was done through Sofindus which had been founded as early as 1937.

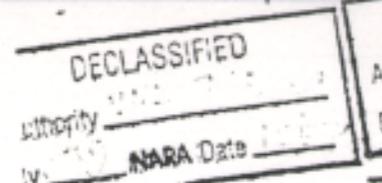
In Portugal Sofindus established the Minerio Silvicola Lda., Oporto. At first Silvicola purchased wolfram and tin solely on a commission basis for industrial users in Germany. As competition with the United States and the United Kingdom increased, the Germans attempted to control the sources of supply, and in 1942 Rowak was instructed to purchase and run wolfram mines in Portugal. During 1942 and 1943 a number of Portuguese mines were obtained by the Germans and established as subsidiaries of Minerio Silvicola Lda., and Sofindus. The foreign exchange required for these transactions was made available to Rowak by the Reichsbank from state funds.

The assets of the Silvicola - Sofindus group have been estimated at about 100,000,000 escudos and are German state property. Among the mining companies owned by Silvicola are Mineira Lisbonense S.A.R.L., Soc. Mineira dos Costelos Lda., Soc. Mineira de Transcoso Lda., Soc. Mineira de Nelas Lda., Tungstenia Lda., and Mineira das Beiras Lda. Like the Dithmer group, the Silvicola enterprises have been liquidating their holdings and secreting funds with Portuguese cloaks. Heinz Weber and Otto Eckert, former Commercial Counselor of the German Legation, are leaders in these activities. Just prior to the fall of Germany, Silvicola deposited 3,500,000 escudos with the German Legation in Lisbon.

3. Other Mining Interests

German mining interests aside from the Dithmer and Silvicola - Sofindus groups are not important. A small mining concern, Mineira de Moncorvo, of Lisbon and Moncorvo, is completely owned by the Vereinigte Stahlwerke; the subscribed capital is 320,000 escudos. Henrique Lehrfeld, a German national, owns an interest in Soc. Agricola do Faha Lda., a mining concession in Portuguese Guinea, which is probably of little value.

The Soc. Nacional de Industria Mineira Lda., (Sonimi) with a capital of 1,500,000 escudos, one-half of which is owned by Lohmann & Co., Bremen, holds tin and wolfram concessions.



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4. Estimate of Value of German Assets

German holdings in mining properties and cloaked and other interests which were established as a result of the dispersal of mining assets probably total about 500,000,000 escudos. This estimate is based on the known value of Cia. Mineira do Norte de Portugal, the Sofindus group, and an investigation into the extent of cloaking by German interests in the mining industry.

IV. BLOCKING OF SHIPS FUNDS AND PORTUGUESE AID IN EVADING CONTROLS.

Among the German vessels taking refuge in Portuguese ports at the outbreak of the war were five ships owned by the Deutsche Ost-Afrika Line, Norddeutscher Lloyd, Hamburg-Amerika Line, and Woermann Line. At that time these companies were controlled by the Reich, but in 1942 they were reprivatized. Owing to the acute shortage of shipping, in the summer of 1943 two Portuguese lines were permitted by the Portuguese Government with the consent of the British to purchase these vessels and to deposit the purchase price, 175,000,000 escudos, in a blocked account in the Banco Espirito Santo e Commercial of Lisbon. The sale was made by the German Government, although the proceeds were credited to the accounts of the German steamship companies.

In August, 1945 in the former German Legation there was discovered original evidence that the Portuguese Government had secretly agreed to make advances of the purchase price through the Luso-German Clearings. There seems good reason to believe that some of the funds were made available to the Germans in free escudo balances in Portuguese banks. It has been suggested above that such funds may have been used to finance wolfram operations. Another tie-up may be the large number of contracts awarded to the Germans by the Ministry of Public Works. Copies of the original documents show that the Ministry of Public Works entered into large contracts for machinery with Otto Wolff, Cologne; Stahlunion-Export G.m.b.H., Düsseldorf; and Demag, A.G., Duisburg during the period from 1943 to 1945. Under the contract the Portuguese Government made down payments of 35 percent of the value of the machinery, thereby transferring at least 25,000,000 escudos through the clearings. At present the Ministry of Public Works claims 22,338,328 escudos from German official funds in Portugal on the basis of these down payments. Not only were payments made through the clearings, but free escudos to the amount of at least 16,000,000 escudos were deposited to the credit of the Germans with the Banco Portugues do Continente e Ilhas, Banco Nacional Ultramarino and other banks. During this same period the Ministry of War

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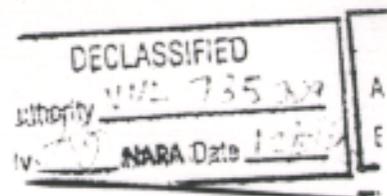
negotiated a series of supply contracts with German firms on which large down payments were made; about 40,000,000 escudos of war material has not yet been delivered although the Germans received payment. The Portuguese Government, however, showed no fear of losing these large amounts which were made available to Germany, and even after the occupation of France entered into new contracts with German suppliers notwithstanding the certainty that delivery was impossible. It seems logical to assume that the 175,000,000 escudos of blocked funds may have been security for these advances of some 62,500,000 escudos.

V. RELATIONS WITH BANKS

There are no German banks in Portugal, but close relations were maintained with two leading Portuguese financial institutions. These banks, Banco Espirito Santo e Commercial, which is partially Swiss owned, and Banco Lisboa e Acores, helped finance German business in Portugal and became the means of German economic penetration.

The Banco Espirito Santo held the Reichsbank account and was the German financial agent for wolfram operations. Between July and December 1943, the bank paid out 226,800,000 escudos at the request of the Reichsbank mainly for wolfram purchases. The Banco Espirito Santo made available these escudos by accepting gold and Swiss francs from the Reichsbank. In addition, this bank financed German-Portuguese trade by opening credits for German importers. In time the activities of the Banco Espirito Santo became so detrimental to the Allied cause that pressure was exerted to terminate its German connections. In August, 1944, the Banco Espirito Santo signed an undertaking with the British Government by which it agreed to cease certain objectionable relations with the Germans. Soon after the undertaking went into effect the bank violated it on a number of counts. However, the Banco Espirito Santo did reduce the extent of its operations on behalf of the Germans.

When the Banco Espirito Santo started liquidating the Reichsbank account in conformity with the undertaking, the latter was transferred to the Banco Lisboa e Acores, one of the largest Portuguese banks. The Banco Lisboa e Acores became the disbursing agent in Portugal for the Reichsbank. The Reichsbank account with this bank made it possible for the enemy to transfer funds to any bank in Portugal. The Banco Lisboa e Acores was not penalized for its aid to the enemy and did not enter into any undertaking with the Allies.



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VI. GERMAN INDUSTRIAL AND COMMERCIAL INVESTMENTS

German business interests in Portugal are scattered among a fairly large number of small organizations. About a few hundred firms are involved and their total assets are approximately 125,000,000 escudos. Net worth is, of course, considerably lower.

1. Chemicals and Pharmaceuticals

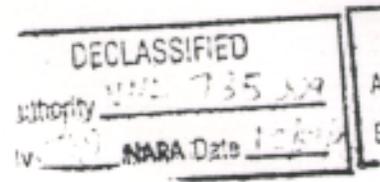
During the war the Germans were able to maintain an important position in the chemical and pharmaceutical field because the United States and Great Britain were in no position to supply Portugal's needs. Large stockpiles were built up by German firms before the war, and a special effort made to strengthen the tie of the Portuguese market to German products.

The largest German chemical firm in Portugal is Sociedade de Anilinas Lda., Lisbon; a subsidiary of I. G. Farben, capitalized at only 100,000 escudos but an important factor in its line. This company has four warehouses in Lisbon, and large supplies on hand. In order to finance heavy imports of dyestuffs from I. G. Farben in Germany, it received a loan of 14,000,000 escudos from the Banco Espirito Santo which by June 1945 was reduced to 2,268,000 escudos. It is reported that Anilinas transferred its fleet of trucks to a Portuguese member of the firm in anticipation of a German collapse. In March, 1945, the firm Fabrica Lusitana de Colorantes e Productos Quimicos "Lusacor" was dissolved because the company had failed to avail itself of the permit to establish a chemical plant with the cooperation of I. G. Farben and its remaining assets turned over to Anilinas.

Another I. G. Farben affiliate is Bayer Lda., which distributes the pharmaceutical products of the German combine and has a capital of 25,000 escudos. This firm probably does a fair amount of business. Pharmaceutical specialties are also sold by Schering S.A. and Quimico Farmaceutica Lda., a subsidiary of E. Merck, Darmstadt, whose shares are held through Mandateria A.G. of Zurich.

2. Machinery and Electrical Goods

By far the most important German electrical manufacturer is Siemens Companhia de Electricidade S.A.R.L., a branch of the Siemens Group capitalized at 5,200,000 escudos. In the early part of 1945 this company was reported to have purchased the laundry, Sociedade de Lavanderia a Vapor dos Anjos Lda., Lisbon, for 6,000,000 escudos. Another wheel in the Siemens set-up is Siemens Reiniger S.A.R.L., which sells medical electrical appliances. This firm has a store



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in Lisbon and a branch in Oporto and is the sole representative of Siemens - Reiniger Werke A.G. An examination of the balance sheet of May 14, 1945, reveals assets of 1,110,000 escudos, capital of 100,000 escudos, and a net worth of 448,000 escudos.

The large German electrical equipment manufacturer, A.E.G., has a branch A.E.G. Lusitana de Electricidade in Lisbon and Oporto. Paid-in capital totals 2,000,000 escudos, while net worth is probably considerably higher. A much smaller German electrical goods dealer is Schuette & Cia. Lda., who sells German manufactured products such as "Koerting" radios and cinematographic apparatus. Capital is 100,000 escudos and the partners are Ewald Mickey and Alexandre Wissendorff.

There are a number of German firms specializing in machinery and other metal products. One of the most important is Sociedade Comercial Zickermann S. A. R. L. which is connected with Gustav A. Zickermann of Hamburg and which sells "Ideal," "Naumann," "Erika," and "Opta" typewriters, sewing machines, etc. The Zickermann company was extremely close to the former German Legation.

Acos Finos Roechling S.A., Lisbon and Oporto, capitalized at 500,000 escudos, is controlled by Roechling'sche Eisen-und-Stahlwerke. It is an importer and wholesaler of tool steel, steel sheets, high speed steel, construction steel, antifriction metal, phosphorous bronze, and emery stones. The tool and machinery importing house of Fritz W. Meyer Lda., Lisbon, is a moderate sized firm financed by the Germans, Hermann zum Hingste and Fritz W. Meyer.

A small company, Eduardo Bartosch Lda., Oporto, deals in industrial machinery and chemicals of German origin with a capital of 100,000 escudos. Eduard Bartosch, a German national, born in Portugal holds 95% of the shares. The Sociedade Comercial Matos Tavares Lda., Lisbon, specializing in X-ray equipment, was formed in 1923 with a capital of 200,000 escudos by German interests.

Robert Cudell, a Nazi engineer of German origin, is the senior partner in the firm Escritoria Tecnico Roberto Cudell Lda., machinery importers. Cudell is a man of some means and owns most of the 100,000 capital of this business, and also has an investment of 21,800 escudos in Cudell & Weltzien Lda. The important German steel combine, Otto Wulff, has an office in Lisbon but it is not known whether any investment is involved.

The firm of Sociedade Imbert Portuguesa Lda. (SIPLA) has exported minerals to Germany in return for motorcars and accessories

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and exploits the German "Imbert" patents in Portugal and its colonies. Capital is 50,000 escudos, of which 80 percent is held by Jacob P. Weber, a German national.

German tin supplies were handled through Lobar-Grupo Importador e Exportador Lda., Lisbon, a company controlled by Lehmann & Co., Bremen. Capital is 500,000 escudos and the firm maintained a semi-official relationship with the German Government.

In the construction field by far the largest German organization is Sociedade Metropolitana e Colonial de Construcoes Lda., (SOMEC), a subsidiary of Gruen & Bilfinger A.G., Mannheim. Of a capital of 3,000,000 escudos, the German company owns 2,980,000 escudos. The machinery of SOMEC alone is regarded as of a much higher value than the capital. In addition Gruen & Bilfinger are represented in Portugal directly under their own name. A smaller construction firm is Sociedade Constructora e Comercial Lda., controlled by Philip Holzmann A.G. of Hamburg and Frankfurt-on-Main and capitalized at 105,000 escudos. This firm was engaged in harbor construction at Ponta Delgada in the Azores.

3. Insurance

Unlike Spain the Portuguese direct insurance business has been hardly touched by German influences. This is due to the fact that the British have been able to maintain a dominant position. In 1936 there were 76 insurance companies doing business in Portugal of which 33 were Portuguese and 27 British.

There are three German insurance companies operating in Portugal. The Seguradora Internacional Lda., Lisbon, is a subsidiary of the Mannheimer Versicherungsgesellschaft of Mannheim, which also does business in Portugal under its own name. The capital of this company is 200,000 escudos. The Aachener und Muenchener Feuer-Versicherungs-Gesellschaft is represented by August Schmidt as general agent, while Victoria zu Berlin has a branch office in Lisbon.

4. Cork

Cork is the most valuable forest product of Portugal, and that country produces about one-half the total world supply. The German firms in Portugal have importance as suppliers for the German market.

The largest cork dealer is Estabelecimentos Herold Lda., Lisbon, capitalized at 2,000,000 escudos. Over 50 percent of the

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capital is owned by Germans in Portugal or the fatherland. Greiner Lda., Faro, is owned by C. A. Greiner & Soehne, Nürtingen, and in July 1942 its capital was increased to 1,500,000 escudos. Hermann zum Hingste is directly interested in the cork industry through the ownership of Ferreira Filipe Lda., and Bender Lda., cork exporters and manufacturers. The commission agent, Hans E. Broedersdorf, exported cork to Bremen after leaving the employment of Corchera Portuguesa Lda.

5. Communications, Transportation and Motion Pictures

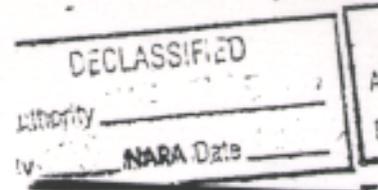
For many years the Atlantische Telegraphengesellschaft has operated in Horta. With the outbreak of the war the cable from Horta to Vigo was cut and the staff reduced. The property at Horta was recently offered to the Portuguese Government for 1,080,000 escudos, exclusive of equipment and cable.

In the field of transportation the most important firm is Lassen & Cia. Lda., of Lisbon, a subsidiary of Lassen & Co. A.G., Hamburg. In the middle of 1940 the Oporto branch was closed, and the company is now rather inactive. A branch of the Deutsches Kohlen Depot, Hamburg, is the Sociedade Insulana de Transportes Maritimos Lda. (SITMA) with coaling stations at Lisbon and Funchal. The capital of the enterprise is several million escudos. The maritime and overland transport agent, Otto Sinapius Lda., Lisbon, represents Kuehne & Nagel, Hamburg, which has 500,000 escudos invested in the agency.

A prominent German-controlled organization is Empresa Fornecedora de Mantimentos Safari Lda., ships chandlers, managed by Werner Pankow, chief of the Lisbon section of the Nazi Party.

The printing house, Sociedade Astoria Lda., Lisbon, is owned almost wholly by the German Ludwig Winkler and formerly printed Nazi propaganda for distribution in Portugal. Capital is now 660,000 escudos. Another distributor of German propaganda is the stationery firm of Kores Lda. owned by Wilhelm Koreska, Vienna, and Josef Mauler, Lisbon. Net worth is 784,000 escudos.

Aside from the cinemas owned by the Dithmer group, there are two motion picture companies controlled by German interests. Mundial Filmes Lda. is the representative of the Reich-owned Universum-Film A.G. in the marketing of German productions. Of a capital of 200,000 escudos, Ufa holds 50 percent. Mundial has been negotiating for the purchase of cinemas on behalf of Ufa. The other concern is Nacional Filmes Lda., which was formed in September 1943 with a capital of 150,000 escudos, almost all held by Einhart Lda.



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In order to keep abreast of the latest information in Portuguese industry and to find profitable fields for German investments, two Portuguese chemists and industrial analysts formed Laboratorios Kudi with the assistance of Kurt Dithmer and rented facilities from Cia. Mineira do Norte do Portugal S.A.R.L. Although capital was only 10,000 escudos, the rented plant was valued at many times that figure, and the firm was in a position to obtain important data for the Germans.

6. General Traders and Miscellaneous

There are at least fifty German firms involved in this category. Many of them were primarily interested in trade between Portugal and Germany and have bought and sold on commission. One of the most influential of these firms is J. Wimmer & Co., of Lisbon and Oporto, which handled the German-Portuguese sardine contracts and was close to the former German Legation. J. Wimmer & Co. controls the trading organization Wimmer & Hermann Stoltz Lda. which has a capital of 200,000 escudos.

German companies of some size specializing in foreign trade include Kurt Porst Lda. in the fish and colonial products field; Kurt Porst, a German holds a 600,000 escudo share in the firm, and in October 1944 stock on hand was worth 1,301,000 escudos. Marcus & Harting Lda. is a very large importing and exporting house which in April, 1945, withdrew 2,480,000 escudos from its account in the Banco Lisboa e Acores. Two Germans own Teutonia Lda., Lisbon, with a capital of 500,000 escudos. Heinrich Jurgens and his wife, residents of Hamburg, have a 137,500 escudo capital investment in Empresa Comercial Jurgens Lda., Oporto, which does a large scale commission and consignment business. The commission agents, Einhart Lda., are a branch of the Hamburg firm of that name and have close connections with high German Government officials; in December 1943 the chief partner of Einhart Lda. received 1,000,000 escudos by order of the Foreign Office. Smaller commission firms are Albrecht Lobe & Cia., Oporto; Walther Karl Lda., Lisbon; and Wirges & Simoes Lda., Lisbon.

Commercial agents representing German firms are rather plentiful although there are few of any importance. Kurt Volz is the representative of Deutz Motoren-Gesellschaft, Cologne, and in December 1944 about 8,000,000 escudos were placed at his disposal in the Bank of Portugal by his German principals. Baron Otal Knigge represents the Reinische Metallwerke A.G., a subsidiary of the Hermann Goering Werke; it has been reported that Knigge has placed German funds in hiding in Portugal. I.C.A. Portuguese Lda., Lisbon, capitalized at 50,000 escudos, is the representative of

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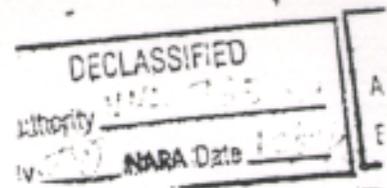
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Continental-Cautchouc-Export A.G. and is completely German owned. An active Nazi and espionage worker, Karl Ley is the representative of Celluloid Verkaufs G.m.b.H., Berlin, and Langbein-Pfanhäuser Werke A.G., Leipzig, as well as other German firms. Motores e Oleos Pasados Lda. (MOTOP) is the agency of Kloeckner-Humboldt-Deutz A.G., Cologne. Carl Zeiss has an agent in Sociedade Optica Technica Lda., Lisbon, which is owned by two Germans with capital of 40,000 escudos. Other Germans holding agencies from German firms are Karl Schunk, Erich Luchsonring, August Cunze Lda., and Clarfeld & Preussner Lda.

The Germans are also interested in a number of companies in other business activities. Sociedade de Importacao, large importers of cotton and cotton machinery, is mainly owned by Enrique Thumann, a German. Although capitalized at only 100,000 escudos, in December 1944 this firm had 2,386,000 escudos in its account with the Banco Souza Cruz & Cia. The manufacturer of knitted goods, Magalhaes Basto Lda. is 60 percent owned by Germans; its machinery alone is valued at 2,000,000 escudos. The rice milling company, Cia. Arrozeira Mercantil, has a capital of 3,000,000 escudos of which 1,660,000 escudos is held in Germany by Reis and Handels A.G., Hamburg, and Rudolf Meyerkert, Bremen. A large wine dealer, J. W. Burmester & Cia. Lda., Oporto, is controlled by or has an important minority interest in the hands of Germans.

There are in addition quite a few small firms which have been operated by Germans in Portugal for years. Fritz Uhlfelder deals in second-hand cars and in April 1945 had about 35,000 escudos on deposit with the Banco Souza Cruz & Cia. Hans and D. M. Stuhlmaier, Lisbon, are Germans who are general merchants. Alfred Schoeppen, Oporto, Wolfgang Schodt, Lisbon, and August Bock, Oporto, are traders on their own account.

Small German firms in foreign trade include Empresa Mercantil de Importacao e Exportacao Lda., capitalized at 70,000 escudos; Brucker-Traus Lda., capitalized at 50,000 escudos; and Comercio Ibero-Ultramarino Lda. (CIBUL), capitalized at 10,000 escudos.



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VII. GERMAN INTERESTS IN PORTUGUESE COLONIES

It is estimated that German investments in the Portuguese African colonies total about 62,500,000 escudos, almost all of which is in the form of plantations and firms dealing with colonial products. According to S. H. Frankel in Capital Investment in Africa in 1936 the amount of foreign capital invested in Portuguese Africa was about 6,700,000,000 escudos, which makes German capital almost one percent of the total.

Land law in Mozambique and Angola permits concessions up to 50,000 hectares but in some areas the limit is 10,000 hectares. In order to confirm title the holder of the concession must spend at least two hundred times the price of the land on improvements.

Most of the German land holdings are in Angola where at least thirty plantations are known to be in German possession. This is a logical development since German Southwest Africa, on the southern border of Angola, had 11,000 German settlers at the time it was mandated to the British and some Germans moved to Angola to avoid British rule.

The German plantations in Angola are important as producers of vegetable oils and sisal. Until the United States and the United Kingdom began their purchasing program in Angola most of these German holdings were on the verge of bankruptcy. High war prices for their products, which were in extremely short supply, have put the German plantation owners in a strong economic position.

Most of these properties are owned by German residents in Angola. Georg Krueger has three plantations in Cuanza-Norte and Lobito. The partners, Oscar Rousello and Richard Oesterlon, have two fazendas in Cuanza-Sul. Other German plantation owners are Otto Ullerich, Werner Gesteroph, Carl L. Boebs, the Kisker brothers, Friedrich Wickmann, Herbert Mundt, Baroness von Leon, Elsa Krueck, Carl Gartner, Count von Platten, Ewald Mauser, Erbe Hoy, Herbert Bagdahn, Werner Stiehl, Gustav Braun, and Ernst March.

There are several non-resident land owners. The Fazenda Camuege in Lucala is owned by a German of Hamburg. Albert Vowinkel of Berlin possesses two farms in Libolo and Longwe. The firm, Plantacoes de Angola Lda., of Loanda, is controlled by residents of Germany, and Hans Flecken of Berlin owns the Fazenda Kalubunda of Gobungo Alto.

The colonial produce company, Woermann, Brock & Co., Hamburg, has important interests in Angola including the Plantacao Cahombo

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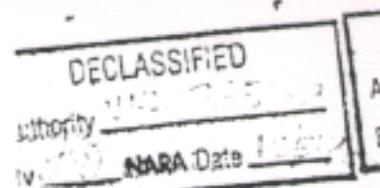
and Fazenda Quiomba Lda. The Loanda branch of M.G. Lange & Co., Hamburg, owns the Fazenda Camoma in Cazengo.

The most valuable products of the German agricultural holdings in Mozambique are sisal and such vegetable oil yielding products as coconuts, castor beans, peanuts, and sesame. In Mozambique German sisal plantations are fairly large and are controlled from Germany. The Empresa Agricola do Monapo is owned by Woermann, Brock & Co. and has a potential sisal production of 3,000 tons per annum. H. Gomann & Co., Porto Amelia, is the owner of Ridi Sisal Lda., a sisal, kapok, and cotton plantation. The head office of Rufijya Pflanzungs G.m.b.H., Porto Amelia, is in Hamburg and this branch has almost 400,000 escudos on deposit with the Banco Nacional Ultramarino; capital is 2,500,000 escudos. Another firm, Cia. Colonial da Muangide, has 1400 hectares under sisal.

Aside from plantations the Germans are interested in a number of trading companies. Wilhelm Philippi & Co., Lda., Mozambique, is a branch of the Hamburg firm of that name. H. Gomann, importers and exporters, illegally took over the assets of the Dutch organization, Curacao Trading Company, valued at 20,000,000 escudos and with some of these funds purchased several Indian firms.

In Angola the Sociedade Lusa-Alena Lda., a German firm, acts as commission agent in the import and export trade. Important Beira, Mozambique, companies are the local agency of the Deutsche Ost-Afrika Line which in 1939 had a capital of 900,000 escudos; the commission agents Garlipp & Bene Lda., and Gemal Africana Lda. In Portuguese Guinea a branch of Eouard Ringel & Co., Hamburg acts as transport agent and general merchant. The palm oil manufacturers, Agricola e Fabril da Guine Cia., are financed by Kamerun-Eisenbahn-Gesellschaft of Berlin.

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VIII. OFFICIAL GERMAN ASSETS

The value of German official funds in Portugal is about 32,500,000 escudos. Of this amount 10,000,000 escudos has already been seized by the United States, United Kingdom and France and deposited in a special joint account. The remaining 22,500,000 escudos has not yet been located although it is believed that about 20,000,000 escudos formerly in the German chancellery was deposited to the credit of the Portuguese Government after capitulation. This latter sum is included in estimates of German official assets. The Scindus-Silvicola properties are listed separately.

IX. PERSONAL AND REAL PROPERTY BELONGING TO INDIVIDUAL GERMAN NATIONALS

On July 21, 1945, the American Embassy in Lisbon estimated individual German personal property in Portugal such as cash, assets in safe deposit vaults, jewelry, furniture, etc. and real property at 225,000,000 escudos. This seems to be an excessive figure. Based on the known value of other German assets, it seems safe to estimate such German personal and real property at about 125,000,000 escudos. This estimate includes real property such as residences and individual holdings not connected with business interests.

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ADDENDUM

to FEA Report - ES-3

Subsequent to the completion of this report there was received the text of an interview with Heinz Gehm, head of the Gesellschaft für Elektrometallurgie. This modifies the statement made regarding the origin of Kurt Dithmer's funds in Portugal.

For page 4, paragraphs 3 and 4, substitute the following:

In Portugal, the interests of the group represented by Dithmer were concentrated in the Cia. Mineira do Norte de Portugal and Empresa Mineira de Sabrosa Lda. In both cases Elektrometallurgie held a majority of the capital stock. As part of a deal for an interest in chrome mines in the Balkans and Turkey, Elektrometallurgie gave a 20 percent interest each to Krupp, I. G. Farben, and Hermann C. Starck, Berlin, (a much smaller firm than the two others, but of great importance in the field of ferro-alloys), and retained a 40 percent holding. Some reports maintain that Dithmer may have been partially backed by the Hermann Goering Werke, which was a German state-owned enterprise, thereby making some of Dithmer's assets German public property. The Cia. Mineira do Norte de Portugal of Oporto was capitalized at 5,000,000 escudos and the Empresa Mineira de Sabrosa Lda. of the same city at 3,000,000 escudos. This small capitalization is highly deceptive, for these two wolfram and tin mining enterprises really controlled assets of between 400,000,000 and 500,000,000 escudos. Detailed information on the Cia. Mineira do Norte de Portugal shows that by January 1944, at the height of its operations, it had been advanced large funds. Of total assets of 180,974,974 escudos, 160,589,377 escudos came from Empresa Mineira de Sabrosa and 11,900,000 escudos from Elektrometallurgie.