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WAR CABINET

JOINT INTELLIGENCE SUB-COMMITTEE

THE EFFECT ON THE GERMAN OIL SITUATION OF THE  
LOSS OF THE ROUMANIAN, HUNGARIAN, POLISH AND  
ESTHONIAN OILFIELDS

Memorandum by the Technical Sub-Committee on Axis Oil

According to our calculations, which agree with those of the United States Enemy Oil Committee, German oil stocks at the end of 1943 continued to be barely adequate for minimum distributional and strategic requirements.

Present Position

By means of further reductions in non-operational consumption and by increases in production, notably from the Austrian oilfields, there will have been some strengthening of the depleted stock position during the first quarter of 1944.

The extent of these additions to stocks can only be estimated intelligence is not available upon the progress that has been made with the construction of the Bruex and the Blechhammer plants. It is, however, probable that Germany has accumulated since the beginning of the year a marginal reserve of between a quarter of a million and half a million tons above the estimated distributional minimum. We do not consider that the additions are likely to have been of any greater magnitude since, whereas there is evidence of the establishment of some strategic reserves in the west, the stringency in the position is such that Germany is unlikely to have been able to have accumulated more than this quantity.

If Germany is able to hold all her present sources of production during the current quarter, we calculate that the present surplus of production over consumption is of the order of 150,000 to 175,000 tons per month.

Threatened Loss of Supplies

Our estimate of Roumanian, Polish and Esthonian production (in terms of finished products) is 5,645,000 tons per annum. Against this civil consumption in these areas is estimated at 1,985,000 tons. If, therefore, Germany were to lose these sources of supply she would suffer a net loss of approximately 3,660,000 tons a year, or 305,000 tons per month.

If the production of Hungary were also denied, there would be an additional loss of approximately 660,000 tons a year, or 55,000 tons a month.

The loss of all these supplies to Germany would consequently convert the present monthly surplus of production over consumption

of 150,000 to 175,000 tons into a monthly deficit of about 200,000 tons, equivalent to about 16% of present consumption in Axis Europe exclusive of these countries.

### Military and Civil Consumption of Oil in Germany and in the Occupied Territories

The loss of oil supplies from these countries would necessitate considerable alterations in Germany's oil economy quite apart from the direct effect on Germany's oil reserves. The distribution system would need substantial reorganisation to cope with the altered situation. Further, the loss of special products and the consequent re-adjustment of refining programmes would create serious problems; local shortages of certain grades of oil and reductions in quality may well occur while these re-adjustments are being made, over and above the shortage directly attributable to the loss of supplies.

A most serious implication of the loss of these sources of supply would be the extent to which Germany would become dependent upon her synthetic production. If Roumania, Poland and Estonia are lost to Germany, no less than 56% of her remaining supplies will be from synthetic sources. If Hungary also goes, the proportion becomes 60%.

\* The deficits estimated above could be made good immediately only by withdrawals from stocks or by further economies in consumption, or by a combination of the two. There are certain expedients by which Germany could increase production from those resources which would remain to her. These, however, are of a longer term nature and would not materially affect the immediate situation. We have not, therefore, taken them into account.

Certain details of estimated production and consumption by uses are given in Annex I. From this it will be seen that:

- (a) Restriction of supplies has already reached such a point that further cuts are bound to fall almost entirely on Germany rather than on the occupied territories. In our view, any further cuts would inevitably affect military activity both directly and indirectly. The present scale of restrictions is already doing so.
- (b) On the other hand, it will be seen from Annex II, that military consumption is the most important and the most variable factor in the balance sheet, having been as low as 248,000 tons in April last year and as high as 440,000 tons in January this year. The future trend of consumption will be fundamentally dependent on the military effort which Germany has to make. Germany having lost the initiative, the scale of this effort is only to a limited extent within her power to control.

We think it probable that most of the stocks which have been accumulated have been earmarked to meet specific commitments, particularly for meeting an attack in the West, and that they are unlikely to be used for any other purpose so long as it is Germany's strategy to resist such attack.

### Effect of the Loss upon Germany's Powers of Resistance.

How decisively and how quickly a weakening of Germany's resistance would follow upon the loss of these sources of supply can be estimated only on the basis of definite assumptions regarding the date when such loss takes place and the intensity and scale of the fighting which follows. This Committee cannot make these assumptions. The following observations may, however, be of use to those who can do so:

- (a) While the loss of the Roumanian and Polish supplies, which are most immediately threatened, would substantially reduce Germany's capacity to resist the degree of attack to which she is now subjected, the period for which she could meet operational requirements by drawing on stocks cannot be precisely estimated. Unless Germany were prepared fundamentally to alter her strategy and use stocks set aside for special purposes, this period would be unlikely to exceed two to four months and might be negligible.
- (b) A substantial decline in the need for military effort on Germany's part, while it continued, might reduce or even counter-balance the effect of these reductions in supply. On the other hand any substantial increase in activity would greatly increase the effective military shortage and its military consequences, and increase the period during which the shortage would be cushioned.
- (c) An increase in military effort due to the opening of another front might be cushioned for some time (probably at least 2 months) by the existence of stocks already accumulated for such a contingency.
- (d) It will be seen therefore that though these losses will be significant in any case, the decisiveness of their effect depends on the degree of military effort which is demanded of Germany at and immediately after the loss.

#### CONCLUSIONS

Oil stocks now available in the West are likely to be sufficient to meet operational requirements in case of attack for at least two months.

If the oil resources of Roumania, Poland, Estonia and Hungary were lost to Germany, the remaining production would fall substantially short of consumption at present levels.

Germany would become dependent on her synthetic oil plants for 60% of production.

Complex alterations would be necessary in Germany's oil production and distribution systems and, while those were being made, local shortages of certain grades of oil and reductions in quality would be likely over and above the shortage directly attributable to the loss of supplies.

No immediate increase in production is possible nor can any material reduction be made in either military or civil consumption without directly reducing Germany's powers of resistance.

Unless military needs were substantially reduced, the loss of oil supplies from these countries would seriously weaken Germany's powers of resistance within a few months.

Signed on behalf of the Sub-Committee

J. HARTLEY

Chairman

## ANNEX I

### Statistical Effect of the Loss of Production

The loss of Roumanian, Polish and Estonian oil would reduce supplies by 14% below current consumption, exclusive of the consumption of the areas lost. If Hungary was also lost, the total deficiency would be 16%.

The serious position that Germany would be in as a result of these losses is shown by the following figures:-

Finished Products in  
metric tons per Annum.

#### Remaining production available to Germany

(Annual rate as of May)

<u>Synthetic Oil</u>	3,680,000	
<u>Mineral Oil</u>		
Germany	516,000	
Austria	1,450,000	
Czechoslovakia	89,000	
France	15,000	
Yugoslavia	46,000	
	2,056,000	
<u>Substitutes and Miscellaneous</u>	<u>2,400,000</u>	11,136,000

#### Consumption

(At present average rates excluding the consumption of the areas lost).

##### Army

Active Areas	4,500,000	
Inactive Areas	<u>600,000</u>	
	5,100,000	

##### Navy

1,430,000

##### Air Force

Air	1,500,000	
Ground	<u>680,000</u>	
	2,180,000	

8,730,000

##### Todt Organisation

320,000

##### German Non-military

(For detail see below)

3,246,000

##### Occupied Countries

800,000

##### Exports to Neutrals

120,000

(Includes exports hitherto made by Roumania)

##### Miscellaneous

250,000 13,466,000

(Losses and products not used as liquid fuels).

Leaving a deficit of

2,330,000  
(or about 200,000 tons  
per month)

These figures show that whatever reductions might be made in non-military consumption there would have to be substantial

cuts in the allocations to the armed forces. Even if the present limited supplies to neutrals and to the occupied countries were stopped, these savings would cover less than half the deficiency.

In the case of German civil consumption, it is evident from the limitations already imposed upon military supplies that allocations to the home front are already regarded as being at the lowest level consistent with Germany's present economic needs. Present consumption by uses is estimated to be at the following rates:-

	<u>In metric tons per annum</u>
Road Transport (1)	1,450,000
Danube Shipping (2)	170,000
Inland Shipping	84,000
Other Shipping	64,000
Agriculture	228,000
Kerosine	96,000
Industrial Black Oil etc.	432,000
Commercial Aviation	24,000
Aero Engine Testing	96,000
Lubricants	600,000
Total	3,246,000

(1) Of which 280,000 tons are bottled gas

(2) Movements in the lower reaches of the Danube eliminated.

## ANNEX II

### MONTHLY CONSUMPTION TREND OF THE EUROPEAN AXIS ARMIES

	<u>In metric tons</u>
1943.	
January	382,000
February	315,000
March	366,000
April	248,000 (low)
May	256,000
June	259,000
July	360,000
August	380,000
September	380,000
October	595,000
November	405,000
December	435,000
1944.	
January	440,000 (high)
February	425,000

In 1943 consumption was lowest in April, during the period of the Spring thaw.