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INTELLIGENCE MEMORANDUM

RECENT DEVELOPMENTS IN THE MERCHANT SHIPBUILDING INDUSTRY
IN POLAND

CIA/RR IM-455

16 August 1957

WARNING

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CIA/RR IM-455
(ORR Project 35.1970)

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RECENT DEVELOPMENTS IN THE MERCHANT SHIPBUILDING INDUSTRY
IN POLAND*

Summary

The merchant shipbuilding industry in Poland is preparing to increase its sales of merchant vessels** to the Free World and already has accepted an order from a Swiss firm for a 35,000-deadweight-ton*** tanker not included in the Polish First Five Year Plan (1956-60). Such sales to the Free World manifest the growing confidence of Poland in the capabilities of its new shipbuilding industry.****

Contributing to the improved position of the shipbuilding industry in Poland are the following developments: (1) major steps toward eliminating the bottleneck in production of diesel engines to supply Polish shipyards, (2) plans to expand the capacity of Polish shipyards, (3) the declaration of independence of the Polish shipbuilding industry from the Council of Mutual Economic Assistance (CEMA -- Sovet Ekonomicheskoy Vzaimopomoshchi), and (4) the actual accomplishment by the industry in 1956.

* The estimates and conclusions contained in this memorandum represent the best judgment of ORR as of 15 July 1957.

** The term merchant vessel as used in this memorandum includes maritime vessels, fishing vessels, and inland vessels. This memorandum covers Polish production of maritime vessels and fishing vessels only. Production of inland vessels is considered negligible.

*** The deadweight tonnage (DWT) of a vessel is the carrying capacity (in tons of 2,240 pounds) of the vessel. It includes the crew and their effects and all items of consumable or variable load such as stores, fuel, and cargo. The deadweight tonnage is the difference in tons between full load displacement and light ship displacement. Light ship displacement is the weight (in metric tons) of the vessel complete, ready for service in every respect, including permanent ballast and liquids in the machinery at operating levels but excluding the crew and their effects and any items of consumable or variable load such as stores, fuel, and cargo.

**** The first maritime cargo vessel produced by a Polish shipyard was the Soldek, completed in 1949.

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The Polish record of shipbuilding during 1956 was impressive. Polish production during 1956 included 57 merchant vessels* with a total value estimated to have been 1955 US \$71 million.**

1. Production During 1956.

Production of merchant vessels by the shipbuilding industry in Poland during 1956 amounted to 112,000 DWT (96,000 gross register tons***), or 57 vessels ranging from 110-DWT fishing cutters to 10,000-DWT cargo vessels. In terms of vessels launched by the shipbuilding countries of the world as listed by Lloyd's Register of Shipping, Polish production ranked eleventh. It is estimated that the value of Polish production in 1956 was \$71 million, compared with \$58 million during 1955. Considerably more than three-fourths of the 112,000 DWT were produced by the Gdansk Shipyard. A categorization of Polish production, by type of vessel and by shipyard, is shown in Appendix A. A comparison of Polish shipyards, in terms of production, is shown in the chart.****

2. Elimination of the Bottleneck in Production of Diesel Engines.

The most important single development in the shipbuilding industry in Poland during 1956 was, perhaps, the great advance toward

* This production is the total of vessels under construction and already completed. It therefore differs from production measured only on the basis of vessels launched or completed.

** Estimated cost of producing the same tonnage of similar vessels in the US. Dollar values are given in 1955 US dollars throughout this memorandum.

*** Gross register tonnage (GRT) is a measure wherein the entire internal cubic capacity of the vessel is expressed in register tons (100 cubic feet to the ton). Not included in the measurement are certain spaces such as peak tanks and other tanks of water ballast, open forecandle, bridge and poop, hatchway excess, certain light and air spaces, anchor gear, steering gear, wheelhouse, galley, cabins for passengers, and other minor spaces specified by law.

**** Following p. 2.

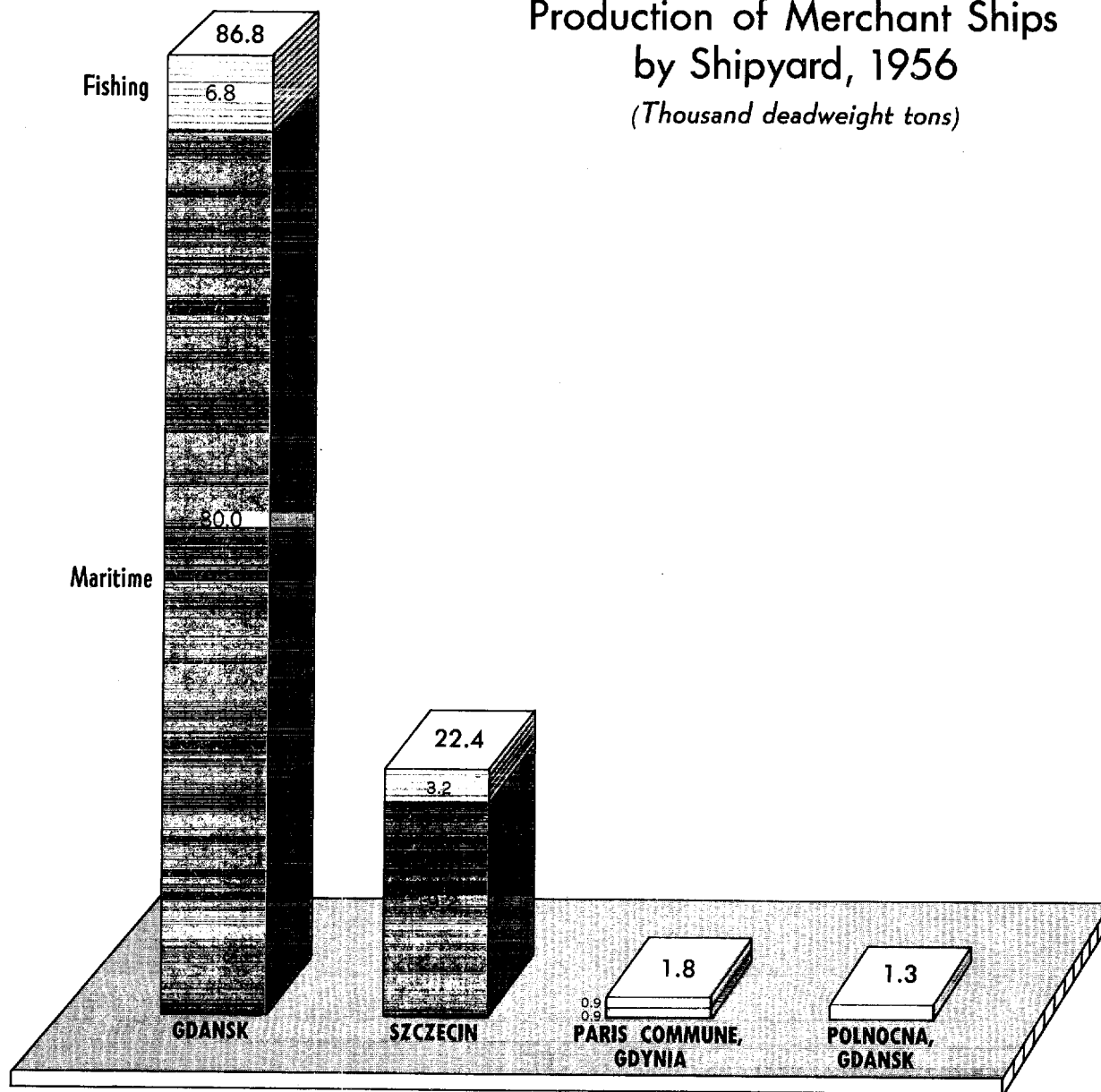
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POLAND

**Production of Merchant Ships
by Shipyard, 1956**
(Thousand deadweight tons)



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the elimination of the bottleneck in production of diesel engines for merchant vessels. The H. Cegielski Plant in Poznan already has begun production of engines for deep-sea fishing cutters. This type of engine formerly was imported from Sweden and will be the first type of marine diesel engine to be produced in Poland. Until 1957, all marine diesel engines for vessels produced in Poland had to be imported in exchange for scarce foreign currency. 1/*

Arrangements for production of marine diesel engines for maritime vessels have been completed under a licensing agreement with the firm of Sulzer Brothers, Limited, in Winterthur, Switzerland. Initially the engines will be assembled from parts imported from Switzerland, and gradually these parts will be produced in Poland. The first engine under this license is scheduled to be completed in 1958. 2/ According to a Polish periodical, the number of diesel engines to be produced by Poland under the terms of the license from the Sulzer company is as follows 3/:

<u>Year</u>	<u>Size of Engine</u>	
	<u>7,800 Horsepower</u>	<u>11,700 Horsepower</u>
1958	1	0
1959	2	0
1960	3	0
1961	11	0
1962	7	4
1963	5	6
1964	5	10
1965	5	10

The Maschinenfabrik Augsburg-Nuernberg Aktiengesellschaft, Augsburg, West Germany, has contracted to supply five 4,800-horsepower marine diesel engines by 1958 for the 6,000-DWT freighters being built at the Szczecin Shipyard. In addition, the Sulzer company will deliver complete marine diesel engines for 10,000-DWT cargo vessels. 4/

3. Expansion of Shipyards.

By drawing up plans to add additional capacity in the form of shipbuilding ways, Poland has manifested confidence in the ability of its shipbuilding industry to produce and sell merchant vessels

* For serially numbered source references, see Appendix C.

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on the world market. The Paris Commune Shipyard, Gdynia, plans to build additional ways north of its present site, one to accommodate 5,000-DWT vessels and the other 20,000-DWT vessels. Under the First Five Year Plan (1956-60), Poland is scheduled to rebuild the Vulcan Shipyard, Szczecin, and to put into operation 2 shipbuilding ways which are suitable for vessels up to 25,000 DWT. The Vulcan Shipyard will produce its first vessel, one of 12,000 DWT, in 1960. 5/

4. Independence from the Council of Mutual Economic Assistance (CEMA).

With respect to its shipbuilding industry, Poland no longer is bound by CEMA. 6/ The independence of action thus attained will give the shipbuilding industry in Poland a flexibility that it has hitherto not had. This flexibility is important because the plans of a shipyard to produce merchant vessels must be adapted to the needs and desires of the customers of the shipyard, and not the reverse.

Poland in the future will follow its own course by building the merchant vessels it needs for its own merchant fleet and for export to countries of the Sino-Soviet Bloc as well as for sale on the world market. The major customer of the shipbuilding industry in Poland will still be the USSR. Nonadherence to CEMA does not abrogate the Polish-Soviet trade agreement. Because sales to the Free World are a source of hard currency with which Poland can buy sorely needed imports, however, it is expected that maximum efforts will be made by Poland to augment sales of vessels to the Free World.

5. Sale of Vessels to the Free World.

As if to show its confidence and an independence of CEMA plans and to demonstrate its desire for foreign orders, Poland has accepted an order for a merchant vessel that was not provided for in its First Five Year Plan (1956-60) and which is much larger than any the shipbuilding industry in Poland ever has produced. Because the Swiss Atlantic Line ordered a 35,000-DWT tanker from the Gdansk Shipyard, Poland has had to revise its First Five Year Plan to include production of this tanker. The Swiss representative who visited Poland to consummate this deal is reported to have discussed future production of four 35,000-DWT tankers and to have offered to provide engines for the tankers and even some investments for the shipyard. Work on the prototype is to begin in 1958. 7/

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The sale of a trawler to a British purchaser has been reported. 8/ Poland already has on its order books a sizable order from Brazil for merchant vessels valued at about \$10 million. The types of vessels involved in this order, however, are those already in production in Poland -- 3,200-DWT colliers, 5,000-DWT tramps, and 110-DWT fishing cutters. 9/ Poland also has made overtures to Ceylon, 10/ Indonesia, 11/ and Chile 12/ for the sale of various types of vessels but so far has not delivered any vessels to these countries. The 1956 Polish-Ceylonese trade agreement included a limit of £200,000 for vessels and fishing trawlers. 13/ Indonesia is reported to have contracted for 5 small (about 1,000-DWT) vessels. 14/

The latest reported sale of vessels occurred on 13 July 1957, when official representatives of the Central Maritime Office (Centrala Morska -- Centromor) signed a contract in Poland with Egyptian representatives for the sale of two 5,000-DWT and two 3,200-DWT cargo vessels to be delivered to Egypt in 1958. 15/

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APPENDIX A

PRODUCTION OF MERCHANT VESSELS IN POLAND
1956

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PRODUCTION OF MERCHANT VESSELS IN POLAND a/
1956

Type of Vessel	Name of Shipyard	Number of Vessels b/	Thousand DWT c/	Thousand GRT d/	Value (1955 US \$ per GRT) e/	Total Value (Million 1955 US \$) f/
Maritime						
B-54 (10,000-DWT cargo vessel)	Gdansk	2	20.0	15.6	500	7.8
B-31 (5,000-DWT cargo vessel)	Gdansk	12	60.0	46.3	660	30.6
B-32 (3,200-DWT collier)	Szczecin	6	19.2	16.4	660	10.8
B-53 (900-DWT cargo vessel)	Paris Commune g/	1	0.9	0.7	800	0.5
Total		<u>21</u>	<u>100.1</u>	<u>79.0</u>		<u>49.7</u>
Fishing						
B-10 (450-DWT trawler)	Gdansk	14	6.3	8.6	1,250	10.7
B-14 (500-DWT trawler)	Gdansk	1	0.5	0.7	1,250	0.8
B-10 (450-DWT trawler)	Szczecin	7	3.2	4.3	1,250	5.4
B-14 (500-DWT trawler)	Paris Commune	1.75	0.9	1.2	1,250	1.4
B-17 (110-DWT fishing cutter)	Polnocna h/	12	1.3	2.1	1,250	2.6
Total		<u>35.8</u>	<u>12.2</u>	<u>16.9</u>		<u>20.9</u>
Grand total		<u>56.8</u>	<u>112.3</u>	<u>95.9</u>		<u>70.6</u>

a. See Appendix B, Methodology. Figures reflect the rounding of original data and may not add to the totals shown.

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Production shown is the total of vessels under construction and already completed. These quantities therefore differ from production measured only on the basis of vessels launched or completed.

Deadweight tons. The deadweight tonnage of a vessel is the carrying capacity (in tons of 2,240 pounds) of the vessel. It includes the crew and their effects and all items of consumable or variable load such as stores, fuel, and cargo. The deadweight tonnage is the difference in tons between full load displacement and light ship displacement. Light ship displacement is the weight (in metric tons) of the vessel complete, ready for service in every respect, including permanent ballast and liquids in the machinery at operating levels but excluding the crew and their effects and any items of consumable or variable load such as stores, fuel, and cargo.

Gross register tons. Gross register tonnage is a measure wherein the entire internal cubic capacity of the vessel is expressed in register tons (100 cubic feet to the ton). Not included in the measurement are certain spaces such as peak tanks and other tanks of water ballast, open forecandle, bridge and poop, hatchway excess, certain light and air spaces, anchor gear, steering gear, wheelhouse, galley, cabins for passengers, and other minor spaces specified by law.

Estimated cost per GRT of producing similar vessels in the US.

Estimated cost of producing the same tonnage of similar vessels in the US.

In Gdynia.

In Gdansk.

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APPENDIX B

METHODOLOGY

Data for the latter part of 1956 are based on reports received by CIA on a confidential basis from Lloyd's Register of Shipping, London. These reports were supported by many others from the Polish Press Summary of the US and British Embassies in Warsaw and the reports of the US Naval Attaché in Warsaw.

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APPENDIX C

SOURCE REFERENCES

Evaluations, following the classification entry and designated "Eval.," have the following significance:

<u>Source of Information</u>	<u>Information</u>
Doc. - Documentary	1 - Confirmed by other sources
A - Completely reliable	2 - Probably true
B - Usually reliable	3 - Possibly true
C - Fairly reliable	4 - Doubtful
D - Not usually reliable	5 - Probably false
E - Not reliable	6 - Cannot be judged
F - Cannot be judged	

"Documentary" refers to original documents of foreign governments and organizations; copies or translations of such documents by a staff officer; or information extracted from such documents by a staff officer, all of which may carry the field evaluation "Documentary."



Evaluations not otherwise designated are those appearing on the cited document; those designated "RR" are by the author of this report. No "RR" evaluation is given when the author agrees with the evaluation on the cited document.

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1. Navy, Warsaw. 81-57, 24 Jan 57. C. Eval. RR 2. (tr from Zycie Warszawy, 23 Jan 57. U)
 2. Trybuna ludu, 26 Sep 56. U. Eval. RR 2.
 3. Przeglad mechaniczny, Mar 57. U. Eval. RR 3.
 4. Navy, COMNAVGER. APO-403, serial no 43-5-57, 8 Feb 57. S. Eval. RR 3. (tr from Nordsee Zeitung, 2 Feb 57. U)

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5. Navy, Warsaw. 138-57, 8 May 57. C. Eval. RR 2. (tr from Trybuna ludu, 16 Feb 57. U)
6. Navy, COMNAVGER. APO-403, serial no 43-5-57 (3, above).
7. Trybuna ludu, 30 Mar 57. U. Eval. RR 2.
Die Welt, 1 Apr 57. U. Eval. RR 3.
Navy, COMNAVGER. APO-403, serial no 644-57, 24 Apr 57. U.
Eval. RR 3. (tr from Nordsee Zeitung, 10 Apr 57. U)
8. 
9. Navy, Warsaw. 15-57, 14 Jan 57. C. Eval. RR 2. (tr from Trybuna ludu, 28 Nov 56. U)
10. State, Ceylon. Dsp 670, 24 Feb 56. U. Eval. RR 2.
11. State, Djakarta. Dsp 59, 30 Jul 56. OFF USE. Eval. RR 2.
12. State, Santiago. Dsp 459, 23 Dec 55. OFF USE. Eval. RR 2.
13. State, Ceylon. Dsp 670, 24 Feb 56. U. Eval. RR 2.
14. Navy, Djakarta. 88-56, 2 May 56. C. Eval. RR 2.
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