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DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY

Special Report

Soviet Ocean Shipping: Half-Speed Ahead

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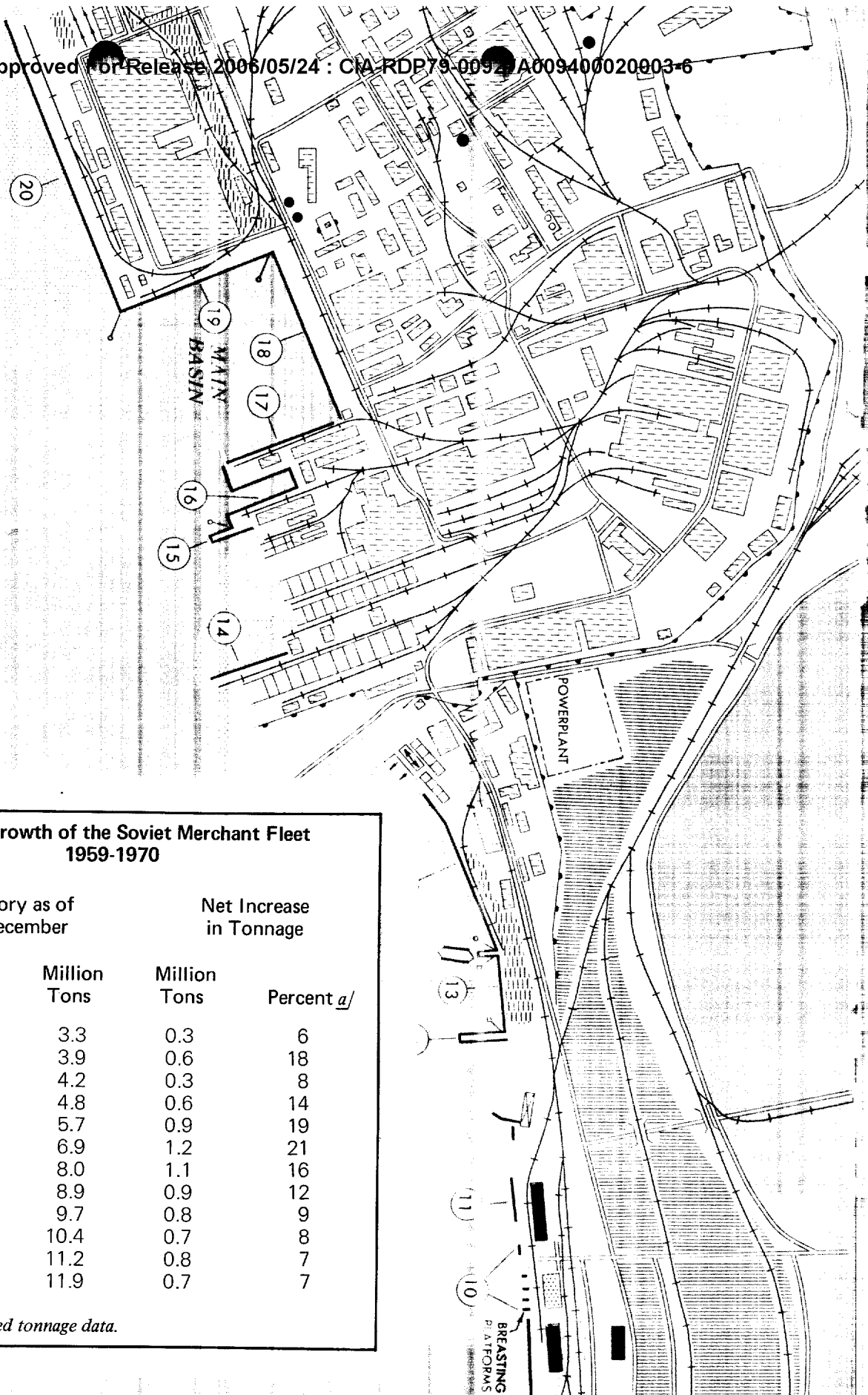
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SOVIET OCEAN SHIPPING

Half-Speed Ahead



**Size and Growth of the Soviet Merchant Fleet
1959-1970**

Year	Inventory as of 31 December		Net Increase in Tonnage	
	Number	Million Tons	Million Tons	Percent <i>a/</i>
1959	590	3.3	0.3	6
1960	650	3.9	0.6	18
1961	680	4.2	0.3	8
1962	740	4.8	0.6	14
1963	820	5.7	0.9	19
1964	900	6.9	1.2	21
1965	990	8.0	1.1	16
1966	1,070	8.9	0.9	12
1967	1,150	9.7	0.8	9
1968	1,230	10.4	0.7	8
1969	1,320	11.2	0.8	7
1970	1,400	11.9	0.7	7

a/ Based on unrounded tonnage data.

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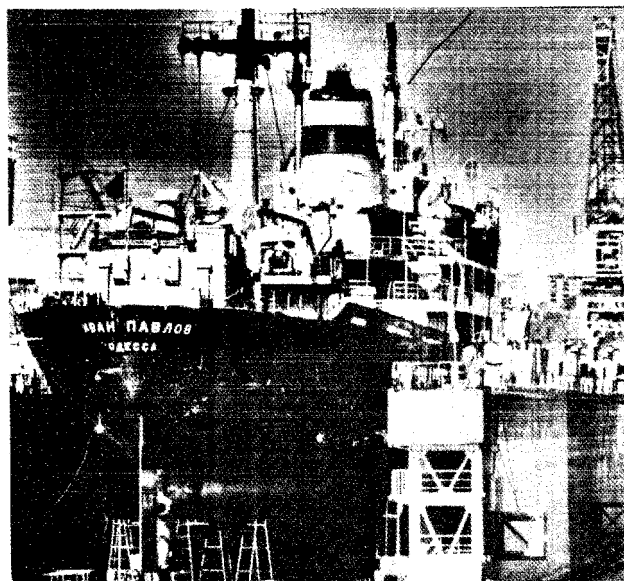
SOVIET OCEAN SHIPPING: HALF-SPEED AHEAD

The US-Soviet maritime talks commencing in late January highlight the expanding role of the USSR's foreign shipping activities. Soviet cargo liners are currently servicing most of the world except the US east coast and Central America. The size and operations of Soviet shipping have grown steadily over the past decade, reflecting a clear-cut policy decision by Moscow. The growth has been based on the output of domestic yards and purchases from foreign suppliers. As a result, the Soviet merchant fleet amounts to about 12 million tons (deadweight tons, i.e., maximum carrying capacity) and is seventh among world fleets with nearly four percent of total world tonnage. Although more than two thirds of the ships are less than ten years old, the Soviet merchant fleet lags far behind the major non-Communist fleets in both the size and speed of its ships. In addition, much of the Soviet fleet remains heavily involved in the logistical support of Cuba, North Vietnam, and Egypt, and the closure of the Suez Canal has diverted tonnage that otherwise could be used to broaden the USSR's shipping services throughout the world.

Growth of the Fleet

During the last decade, the tonnage of the Soviet fleet tripled with the most rapid growth taking place in the 1960-65 period. Since that upsurge, the rate of growth has been halved, and the 1971-75 plan projects a further reduction in the rate of increase. Nevertheless, Soviet tonnage will be more than four times that of 1960 if the 1975 target of 16 million tons is reached.

Deliveries to the fleet during the last plan (1966-70) were only 90 percent of the target. "Budget allocations did not permit expansion of the fleet at the speed desired," complained the minister of the maritime fleet. The Soviet merchant fleet has ranked seventh among maritime nations since 1964. The USSR may well move into sixth place by 1975, but there is little prospect for the Soviet fleet to increase its share of world tonnage in the foreseeable future.

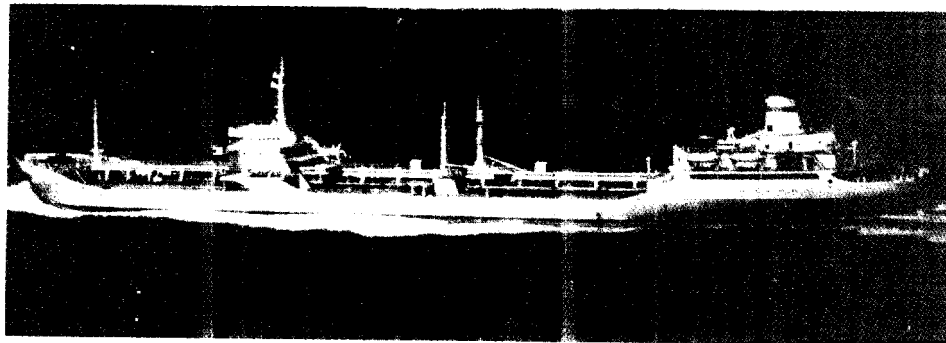


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A 23,000 DWT *Zvenigorod*-class bulk dry-cargo ship

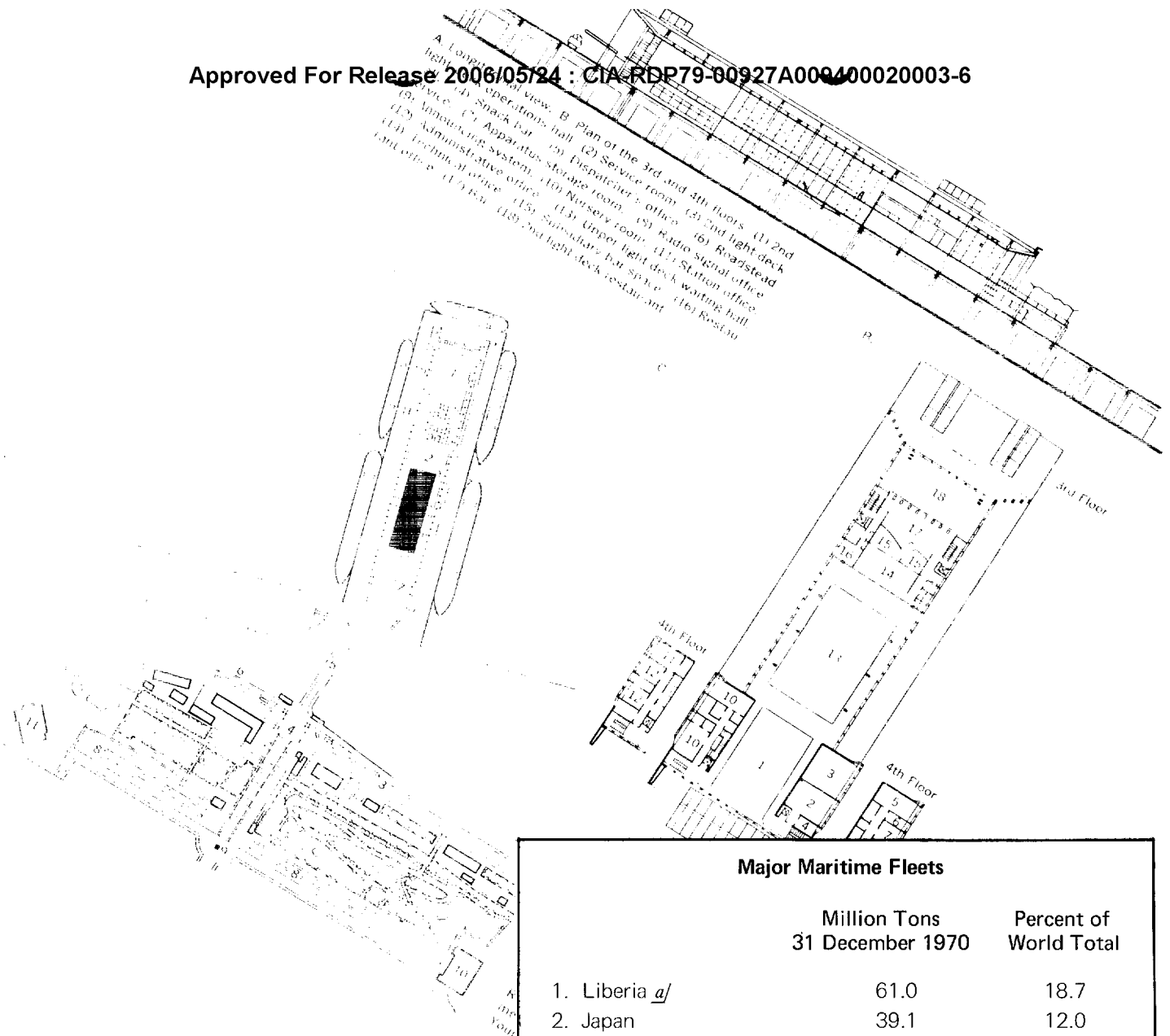


A 50,000 DWT *Sofiya*-class tanker

About one third of the new tonnage acquired during the past decade was built in Soviet yards. Most of the remainder came from Poland, Yugoslavia, Finland, and East Germany. Of greater significance is the fact that during the past five years there has been little change in the size of the ships delivered to the fleet. The largest ships now in the Soviet fleet are 50,000-ton tankers and 23,000-ton dry-cargo ships compared with ships of 370,000 and 165,000 tons respectively in non-Communist fleets. The size of the USSR's ships is limited because they are designed primarily to service Soviet ports, few of which can handle ships with drafts greater than 32 feet. A 370,000-ton tanker, by way of comparison, requires port facilities with depths exceeding 87 feet.

Additional limiting factors on the versatility of the Soviet maritime fleet are comparatively slow speeds and the lack of advanced container-ships that the leading maritime nations have had in service since 1967. No Soviet ships are faster than 19 knots whereas cargo liners in the US and Japanese fleets, for example, are operating as fast as 24 knots, and some containerships being added to non-Communist fleets have speeds of up to 26 knots. Moscow's containerization program has lagged consistently, both in terms of ships and terminals, and until 1971 it had no ships especially built to carry the small numbers of 20-foot standard containers moving in Soviet seaborne trade. Such containers were carried as deck cargo on conventional dry-cargo ships.

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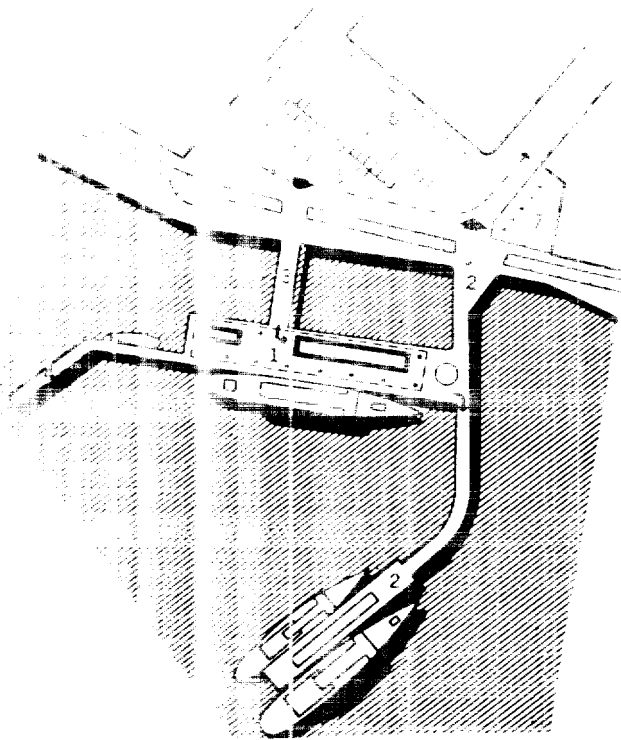
	Million Tons 31 December 1970	Percent of World Total
1. Liberia <i>a/</i>	61.0	18.7
2. Japan	39.1	12.0
3. United Kingdom	37.1	11.3
4. Norway	32.4	9.9
5. Greece	18.2	5.6
6. US <i>b/</i>	14.4	4.4
7. USSR	11.9	3.6
Other	112.9	34.5
TOTAL	327.0	100.0

a/ Most ships flying the Liberian flag are owned by Greek, US, and other foreign interests.
b/ Does not include World War II tonnage still in reserve.

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Soviet Fleet Performance				
	1960	1965	1970	1975 Plan
Fleet Tonnage				
Million Tons				
Total	3.9	8.0	11.9	16.0
Absolute Increase		4.1	3.9	4.1
Percentage Increase		109	49	35
Fleet Performance				
Billion Ton-miles <i>a/</i>				
Total	71.0	209.9	353.8	495.3
Absolute Increase		138.9	143.9	141.5
Percentage Increase		196	69	40
Million Tons Carried				
Total	75.9	119.3	162.0	204.9
Absolute Increase		43.4	42.7	42.9
Percentage Increase		57	36	26
Average Length of Haul <i>b/</i>				
Nautical Miles				
Total	935	1,759	2,184	2,417
Absolute Increase		824	425	233
Percentage Increase		88	24	11

a/ Equals tonnage carried multiplied by miles covered.
b/ Equals ton-miles divided by tonnage carried.



Fleet Performance

The performance of the Soviet fleet in terms of ton-miles (i.e., tonnage carried multiplied by miles covered) increased significantly faster than fleet capacity during 1966-70. Capacity during this period grew by almost 50 percent, but the tons-miles indicator rose by close to 70 percent. At the same time, the volume of cargo carried increased by only 36 percent. Both of the latter indicators were below target, however, chiefly because of the failure to meet planned additions to the fleet.

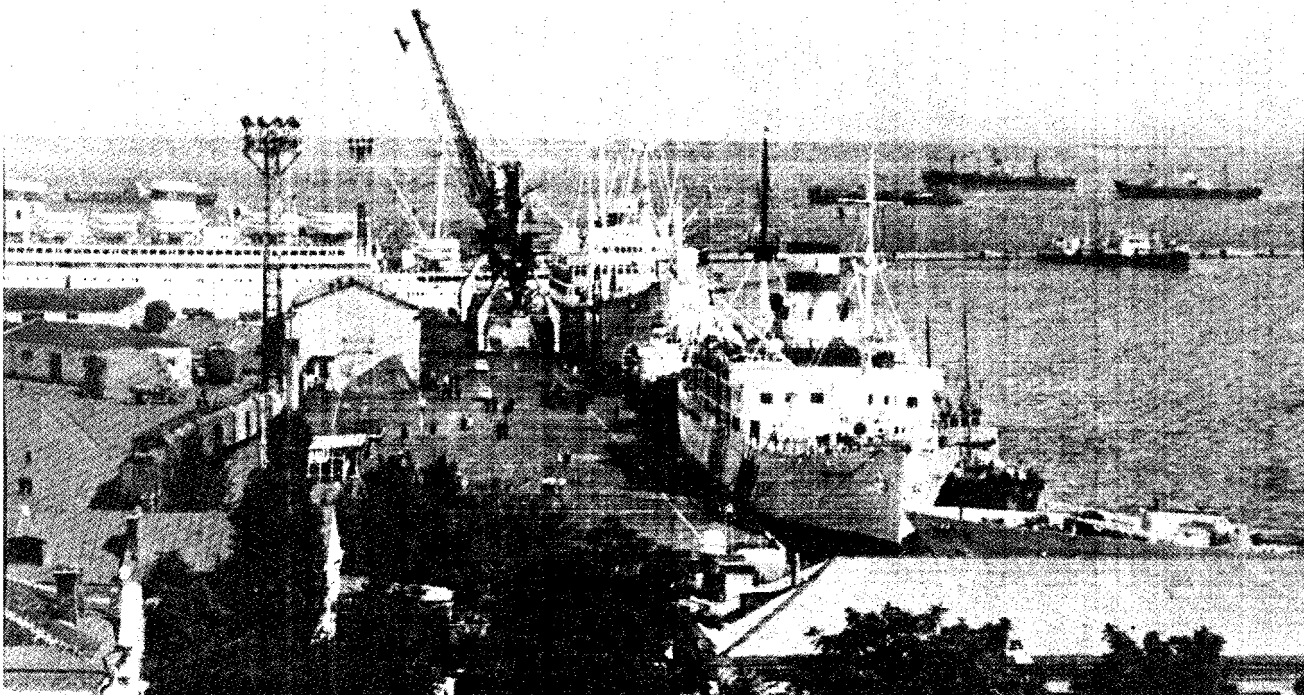
A major cause of the wide discrepancy between the rates of increase of ton miles and cargo volume was the closure of the Suez Canal in 1967. Since then, round-trip sailing time from the Black Sea to North Vietnam, for example, has almost doubled—it is now 72 days—and voyages to other Soviet trading partners east of Suez have been lengthened similarly. The cumulative effect of these reroutings has forced the diversion of

about five percent of total Soviet capacity from other uses to meet commitments east of Suez.

As recently as 1965, over half of the volume of cargo carried by the Soviet fleet was in domestic trade. Since that time, however, the handling of foreign trade cargoes has become predominant, accounting for 56 percent of total cargo volume at the end of 1970. In 1970, the volume of cargo in foreign trade handled by the Soviet fleet was more than 90 million tons compared with less than 60 million tons in 1965. Over-all Soviet seaborne foreign trade, however, increased even faster during 1966-70—from 100 million tons to 140 million tons. The result was that foreign ships carried about 13 million more tons of Soviet cargo in 1970 than in 1965. During the same period, the Soviet fleet almost doubled the amount of cargo it carried for overseas clients between foreign ports. Of the 14 million tons of foreign cargo carried in 1970, the underdeveloped countries accounted for about 40 percent, the Communist countries and the industrial West roughly 30 percent each.

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Soviet Cargo Liner Services

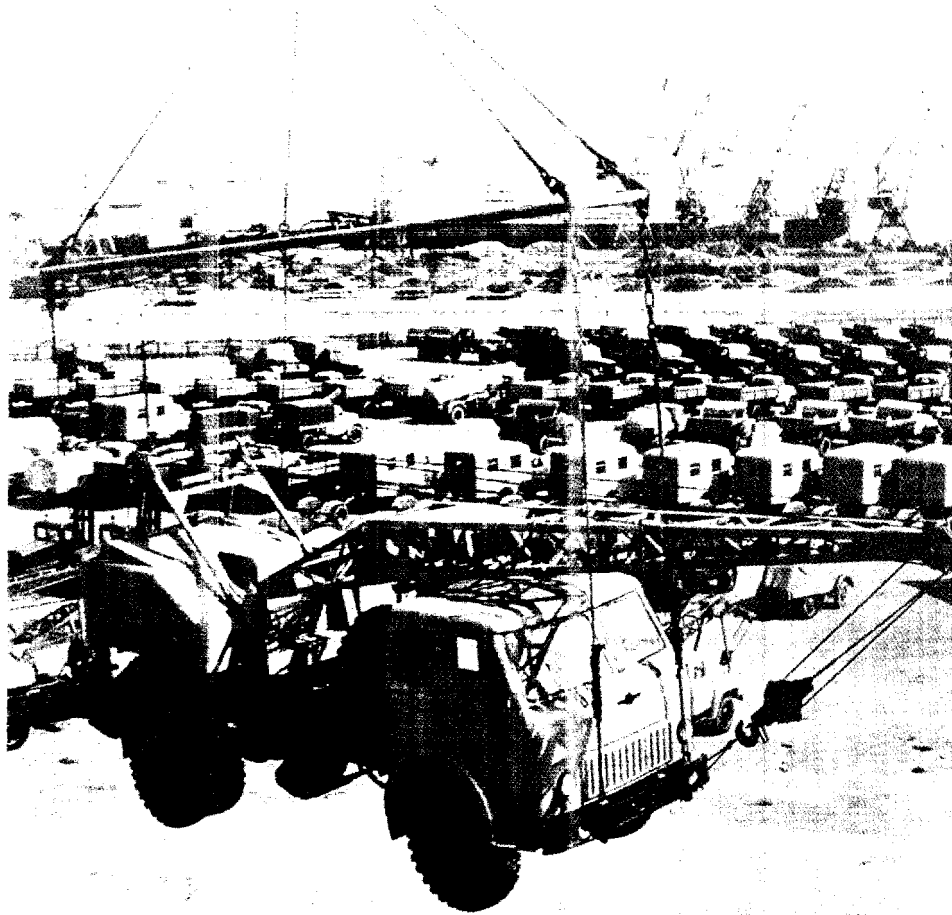
Scheduled international cargo liner services increased slightly between 1966 and 1970 to a total of 33. These services reach practically all parts of the world; at least three more lines were added last year. The coverage of this type of service has also been affected by closure of the Suez Canal, which forced the USSR to modify or cancel a number of lines then operative.

The Soviets began trial voyages to the US west coast in 1969, thus marking the resumption of commercial shipping between the US and the USSR for the first time since the Korean war. Calls by Soviet ships at US east coast and gulf ports have not been resumed, however, because of the threat of boycotts by longshoremen. Developments last year indicate that this policy may be relaxed soon.

The growing role of the Soviet fleet in foreign trade and Moscow's search for increased recognition as a world shipping power have led to several new moves outside the sphere of fleet operations. In 1967, for example, the Soviets began entering into bilateral shipping agreements with some of their major trading partners in West Europe. In the same year, the USSR started to establish joint shipping agencies, primarily with Far East countries, to handle the business of Soviet ships calling at these ports and to solicit cargo.

Another facet in the USSR's effort to win acceptability among maritime nations has been Soviet membership in many of the shipping conferences that set rates and other regulations governing the carrying of freight on particular lines. On other routes, the Soviets charge about 15 percent less than conference rates, the discount typically offered by other independent lines.

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Goals for 1971-75

The targets of the current five-year plan indicate that Moscow envisages a further slowing in the growth rate of its maritime fleet. Although the composition of ship deliveries to the fleet will change during 1971-75, the USSR will still lag behind other maritime powers in terms of the size and speed of its ships and its utilization of containerships. The Soviets are planning to build 150,000-ton tankers and 120,000-ton ships designed to carry bulk oil or dry cargo, with deliveries beginning after 1973. Ships of these sizes will require deep-water ports, and plans are in

train to construct such facilities near Odessa on the Black Sea and at Vrangal in the Soviet Far East. Most of the new ships, however, will be relatively small as in the decade of the 1960s, and only a few of the new ships will be faster than those now in the fleet.

At least four classes of dry-cargo ships planned for delivery during 1971-75 will be full or part containerships, but at best they will be only one fourth the size of containerships now operating on Western lines. These ships will move between Soviet European ports and West Europe as well as between the Soviet Far East and Japan.

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