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Economic Intelligence Report

MARITIME TRANSPORT OF EAST GERMANY



CIA/RR ER 61-22

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CENTRAL INTELLIGENCE AGENCY  
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FOREWORD

A definitive analysis of the economic importance of a country's merchant fleet must be made within the context of the total volume and direction of the country's seaborne foreign trade. 50X1

During the course of the analysis it has become apparent that there probably is political as well as economic motivation associated with both the rapid buildup of the East German merchant fleet and the practice established in East Germany of controlling and therefore securing transportation for almost all seaborne exports as well as imports. A case can be made from this analysis for the economic advantage to East Germany of relying almost exclusively on foreign shipping services rather than extensively increasing the size of the fleet. Both East Germany and the Sino-Soviet Bloc as a whole, nevertheless, are well aware of the use of ocean fleets as instruments of penetration, of national security, of national prestige, and even of harassment of Western interests, and there is strong political motivation in the current expansion of the East German fleet. The practice of controlling and securing the transportation for the bulk of seaborne foreign trade appears anomalous in view of the small amount of seaborne foreign trade that can be carried by the East German fleet. This practice may have developed, nevertheless, from the necessity for East Germany to bolster a weak bargaining position in bilateral trade negotiations. Equally, other considerations prompting its continuation may include enhancement of the ability of East Germany to offer attractive shipping services as an inducement in the drive to promote markets in the underdeveloped areas of the Free World and the attractive commissions earned by the freight and ship brokers of East Germany. 50X1

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Direction of East German Seaborne Trade, 1958, inside back cover

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MARITIME TRANSPORT OF EAST GERMANY\*Summary

The dependence of East Germany on seaborne trade has not been great in recent years, because of its location in the European land mass and the orientation of its trade toward the Sino-Soviet Bloc.\*\* The low cost of sea transport compared with land transport, however, undoubtedly has been primarily responsible for the increase in seaborne trade from 16 percent of total foreign trade in 1955 to the goal of 25 percent in 1960.

Considerable increases in East German seaborne trade are anticipated through 1965, from 4 million tons\*\*\* in 1955 to 12 million tons in 1965. Seaborne trade with the USSR will increase from about 1.3 million tons in 1958 to a planned total of 6.45 million tons in 1965. This increase in seaborne trade with the USSR will be at the expense of the railroad transit route through Poland. Trade with overseas areas, particularly the underdeveloped nations, also will increase but by no means to the volume planned in seaborne trade with the USSR. The only exception is the traffic with the Far East, which is expected to remain at about the same volume as in 1958. Traffic with the short-range areas† of the Baltic (including the USSR) and the West European Coast, which amounted to less than 45 percent of total seaborne trade in 1958, will increase to almost 70 percent in 1965, and the absolute amount will be about 3.5 times the 1958 volume. For the future, therefore, there will be a proportionately smaller requirement for medium-range and long-range service, although the absolute amount to be carried on the longer hauls will increase by almost one-half.

Not only has East German seaborne trade been expanding much more rapidly in the last few years than world trade, but the growth of the East German merchant fleet, both actual and planned, is at a rate far in excess of the growth of the world fleet. Although currently one of the smallest merchant fleets in the world, the East German fleet

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\* The estimates and conclusions in this report represent the best judgment of this Office as of 15 March 1961.

\*\* Unless otherwise indicated, the term Bloc throughout this report refers to the Sino-Soviet Bloc.

\*\*\* Cargo tonnages are given in metric tons throughout this report.

† Areas within a range of about 1,500 nautical miles (nm). Long-range areas are those within a range of 3,000 nm and above.

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nevertheless follows in size among Bloc countries the fleets of the USSR, Poland, and Communist China. The East German fleet, consisting of only one ship of 1,200 deadweight tons (DWT\*) in 1950-53, expanded to 258,000 in 1960 and is planned at more than 100 ships totaling 500,000 to 600,000 DWT in 1965. The impetus for such fleet expansion stems not only from the increase in seaborne trade and the desire to save the foreign exchange expended on service by foreign ships but also from such other factors as Bloc-wide fleet expansion under the aegis of the Council for Mutual Economic Assistance (CEMA), a desire to reduce dependence on non-Bloc shipping, national pride, and the usefulness of the fleet as an instrument of economic penetration.

The East German fleet is used predominantly in foreign trade, but it carried only 6 percent of the seaborne trade of East Germany in 1957, 10 percent in 1958, and 14 percent in 1959. Although expansion of the fleet will allow an estimated 35 percent to be carried in 1965, the growth in trade moving by sea will nevertheless increase the absolute amounts to be carried by foreign ships, from about 5 million tons in 1959 to about 7.7 million tons in 1965. East Germany controls the transportation on a very high proportion of its seaborne trade,\*\* about 86 percent in 1958. To move that portion of its trade in 1959 probably required, in addition to its own fleet, the use of an average throughout the year of about 860,000 DWT of foreign ships including liners. It is estimated that only about one-third of this need, or about 290,000 DWT, was supplied by Soviet and Polish ships. It is roughly estimated that there will be involved in 1965 about 1.2 million DWT of foreign ships, about 635,000 DWT of Western ships, and 520,000 DWT of Bloc ships.

About 75 percent of the capacity of foreign ships calling at East German ports in 1959 was supplied by Western ships. West German ships offered more than twice as much space as any other Western flag. They were small coasters used primarily in the Baltic and European coastal trades. For the long hauls, East Germany chartered principally British and Norwegian ships.

For the use of foreign ships in 1958, East Germany paid out \$51.4 million, of which probably at least \$39 million was for Western ships. In 1959 it is estimated that more than \$60 million was paid out, more than \$45 million for Western ships, and foreign exchange spent on foreign ships in 1965 may be about \$80 million. By 1965, however, it

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\* For an explanation of deadweight tonnage, see the second footnote on p. 5, below.

\*\* C.i.f. exports and f.o.b. imports. For an explanation, see the first footnote on p. 14, below.



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is probable that Bloc ships will carry about 55 percent of the cargo carried by foreign ships, but because Western ships probably will carry the long-haul cargo earning higher rates, as much as 60 percent of the expenditures, or \$50 million, may be for Western shipping space. In 1958 and 1959 these amounts were not offset by any net earnings\* of the East German fleet, and it is likely that this situation will continue into 1965.

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\* Gross foreign exchange earned by the fleet minus foreign exchange spent by the fleet in foreign ports.

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I. East German Merchant FleetA. Growth and Composition

The East German merchant fleet is the fourth largest in the Bloc. Comparative sizes of merchant fleets in the Bloc in 1960 were as follows 1/\*:

<u>Area</u>	<u>Thousand Deadweight Tons**</u>
USSR	4,328
Poland	841
Communist China	762
East Germany	242
Czechoslovakia	113
Other Satellites	145

Although ranking high among the merchant fleets of the 11 countries of the Bloc, the East German merchant marine nevertheless is one of the smallest in the world.

1. 1950-59

The East German merchant fleet began operation in 1950 with one small ship 44 years old that has since been scrapped. Substantial acquisitions of tonnage began in 1957 and have continued through 1960, as shown in Table 5,\*\*\* which is summarized as follows:

<u>Year Ending</u>	<u>Number of Ships</u>	<u>Gross Register Tons</u>	<u>Deadweight Tons</u>
1950-53	1	915	1,200
1954	3	7,644	10,500
1955	9	10,236	13,500
1956	19	14,539	18,475
1957	21	28,962	41,115
1958	31	87,486	128,643
1959	38	120,934	182,451
1960	52	184,626	257,771

\*\* Including only ships of 1,000 gross register tons (GRT) and more. Gross register tonnage is a measure of the size of the ship, expressed in terms of 100 cubic feet of internal capacity per ton. Deadweight tonnage is a measure of the carrying capacity of the ship in terms of metric tons (the US and UK use long tons in measuring deadweight tonnage), derived from the difference between displacement light and displacement loaded.

\*\*\* Appendix A, p. 31, below. Including ships below 1,000 GRT.

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More than 23,000 DWT were added in 1957, 87,000 DWT in 1958, almost 54,000 DWT in 1959, and 75,000 DWT in 1960. At the end of 1960 the capacity of the East German fleet was almost 14 times its capacity at the end of 1956, or an increase of 1,295 percent compared with an increase in world fleet capacity of only 21 percent. 2/

Until 1958, all ships delivered from East German yards were newly built, and the average age of the small fleet in 1957 was only 2.5 years. Although the purchase of secondhand ships in 1958-59 has brought older ships into the fleet, the average age at the end of 1959 was still only 5.5 years. Age distribution at the end of December 1959 was as follows:

<u>Age Group</u>	<u>Number of Ships</u>	<u>Carrying Capacity</u>	
		<u>Deadweight Tons</u>	<u>Percent</u>
Under 5 years	29	126,095	69.1
5 through 9 years	2	9,000	4.9
10 through 14 years	3	10,440	5.7
15 through 19 years	0	0	0
20 through 24 years	4	36,916	20.3
Total	<u>38</u>	<u>182,451</u>	<u>100.0</u>

Of the 38 ships in active service in 1959, 17 were "coasters" -- small ships of about 500 DWT, all used in the local coasting trade. The remaining 21 ships were oceangoing, of which 2 were tankers of 11,500 DWT each, 6 were dry cargo ships of about 3,500 to 4,500 DWT each, and 13 were dry-cargo ships in the 9,000 to 10,000 DWT class. The average size of the fleet in 1959 was 4,801 DWT and 3,182 GRT. The world average in July 1959 was 3,449 GRT. 3/

The small coastal vessels have speeds of 9.5 to 10.0 knots; the tankers have speeds of 13.0 to 14.0 knots; and 2 of the remaining vessels have speeds of 10.0 and 10.5 knots, 2 have speeds of 12.7 knots, 22 have speeds ranging from 13.5 to 15.5 knots, and the 1 passenger liner is a 19-knot vessel. The average speed for the fleet is about 12 knots. The average speed of vessels of more than 1,000 GRT is about 14 knots. The world average in 1957 of vessels of more than 1,000 GRT was 11.7 knots and probably is at present about 12 knots.

Although by world standards the East German fleet is small, as will be the planned fleet in 1965, it is assuming importance to East Germany in the context of the amount of East German seaborne trade that it can and will carry and the amount of foreign exchange that it can save.

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2. Plan for 1965

Announced plans call for an East German merchant fleet in 1965 varying in capacity from 500,000 to 600,000 DWT. The approximate structure of this planned fleet is shown in Table 6.\* There is a strong possibility that the lower fleet plan for 1965 is based on only those ships expected to be delivered from East German yards between 1961 and 1965. If so, provision should be made in estimates of the size of the fleet for ships that probably will be purchased secondhand from the West, including two or three more tankers. On this basis the fleet may total at least 600,000 DWT in 1965.

Based on Table 6, the fleet capacities will be divided into the following types, not including the passenger liner:

	<u>Percent</u>		
	<u>1959</u>	<u>1960</u>	<u>1965</u>
Oceangoing vessels			
Long-range	82	82	81
Medium-range	13	12	7
Coastal vessels	5	6	12

Accordingly, there will be proportionately more coastal ships in 1965 and proportionately fewer medium-range ships, with long-range ships increasing in direct proportion to the total.

There has been much discussion  concerning specialized ships, and the latest published recommendation has been that the 1965 fleet include about 95,000 DWT of coal and ore carriers, about 25,000 DWT of timber carriers, and an unspecified amount of refrigerated fruit vessels. <sup>4/</sup> There is, however, the continuing problem in the seaborne trade of East Germany of the preponderance of imports over exports.\*\* The volume of imports by sea in 1959 was about 1.7 times the volume of exports and is planned to be 2.5 times the volume of exports in 1965. <sup>5/</sup> Imports are predominantly bulk goods and semifinished products, whereas exports consist to a large extent of high-value, low-volume cargo such as machinery and equipment. To serve such a trade, general-purpose freighters that can

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\* Appendix A, p. 41, below.

\*\* See Table 8, Appendix A, p. 43, below.

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carry both bulk and general cargo are desirable, and apparently the preponderance of the additions now planned will be of this type. 6/

B. Areas of Operation\*

Principal areas of operation of the East German merchant fleet are between East German ports and (1) the Baltic and North Seas, (2) the White Sea, (3) the Mediterranean and Black Seas, and (4) East Asia. Fairly regular service is maintained on six routes. The ships engaged on these routes may be considered in pseudoliner service, although only sailing lists are published. The routes are listed in Table 1, which also provides a tabulation of the number and total tonnage of ships engaged on the routes during October-December 1959. In addition to

Table 1

Regular Service of the East German Merchant Fleet a/  
October-December 1959

<u>Routes</u>	<u>Ships</u>	
	<u>Number</u>	<u>Total Deadweight Tons</u>
Baltic		
Rostock-Finland	3	1,500
Rostock-Baltic USSR	1	500
Triangular service	3	1,500
Total	<u>7</u>	<u>3,500</u>
North Sea		
Rostock-Antwerp-Rotterdam	<u>4</u>	<u>2,000</u>
Mediterranean		
Wismar-Albania <u>b/</u>	2	7,575
Wismar-UAR <u>b/</u>	3	21,790
Total	<u>5</u>	<u>29,365</u>
East Asia	<u>9</u>	<u>90,180</u>
Grand total	<u>25</u>	<u>125,045</u>

a. 7/

b. Including interport calls en route.

\* All vessel tonnage figures are approximations because occasionally there are substitutions among the ships normally serving the various routes.

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the ships listed in Table 1, six small coastal ships (500 DWT each) were under repair, were making domestic coastal runs, or were being used as harbor vessels. Moreover, six additional ships were engaged in tramp service but were operating in set areas, as follows: (1) two freighters totaling 9,000 DWT in the Finland - East Germany lumber trade, (2) two freighters totaling 12,525 DWT in the Mediterranean and Black Seas, and (3) two tankers totaling 23,000 DWT between East Germany and the Black Sea.

Late in 1959 and early in 1960, East Germany sent the Freundschaft (10,020 DWT) to South America, the first East German vessel to make this run. Calls were made at Rio de Janeiro and Santos to discharge fertilizer and to load coffee. During 1960 the Freundschaft remained on the South America run, making three trips, and it is expected that East Germany will soon expand scheduled service on this line with additional ships. 8/ It is expected that at least sporadic service to South America will continue in the next 2 or 3 years and that by 1965 scheduled service may be established. East German plans for new routes, made within the framework of CEMA, stress liner service to both South America and West Africa, with the comment that "these areas will soon have great significance for us." Strong emphasis is placed, again in cooperation with CEMA, on concluding 50-50 shipping agreements with countries that have merchant fleets or are planning merchant fleets, particularly in underdeveloped areas. 9/ The latest move has been to inaugurate a liner service to Burma (in this instance without an accompanying governmental agreement), including the probability of a rate war to break into the trade. 10/

C. Performance1. 1957-60\*

Absolute performance data of the East German merchant fleet from its inception through 1959 are given in Table 7.\*\* The extraordinary increases in the size of the fleet in 1957, 1958, and 1959 were almost matched by increases in performance, as illustrated by the following percentage increases:

	<u>Percent Increase Above Previous Year</u>		
	<u>1957</u>	<u>1958</u>	<u>1959</u>
Fleet capacity	123	213	42
Tons carried	115	60	65
Ton-miles*** performed	102	349	143

\* Unless otherwise indicated, performance data in this section are taken from Tables 5 and 7, Appendix A, pp. 31 and 42, respectively, below.

\*\* Appendix A, p. 42, below.

\*\*\* All miles throughout this report are nautical miles, and ton-miles are metric tons - nautical miles.

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The sharp increase in ton-miles performed in 1958 is a result of the sudden increase in average length of haul, from 1,214 miles in 1957 to 3,401 miles in 1958. The 10,000-tonners acquired in 1957 and 1958 were placed in long-haul service, mainly to the Far East, making only two to four trips a year. Consequently, relatively fewer tons were carried but for longer distances. This situation prevailed also in 1959, when the average length of haul increased to 5,004 miles.

More than 45 percent of the increase in vessel capacity in 1958 was added in the last quarter of the year. The bulk of the increase in performance engendered by these ships appeared in 1959 rather than in 1958, explaining the continued rate of increase in performance compared with a decrease in the rate of fleet increase.

The planned performance of the fleet for the first 6 months of 1959 was 569,800 tons. In fact, however, the fleet moved only 450,000 tons, or 79.1 percent of the plan. 11/ The reason for the failure to fulfill the plan for January-June 1959 was given as the loss of 657 working days, but no explanation was offered for the lost days, whether because of port delays, repairs, or weather. Similarly, final performance for 1959 was only 981,000 tons compared with the planned performance of 1,311,314 tons. 12/

For 1958 a breakdown is available showing the direction of cargoes carried by the East German fleet:

<u>Trade</u>	<u>Tons*</u>	<u>Percent**</u>
East German foreign trade		
Imports	263,885	44.5
Exports	227,712	38.4
Total	<u>491,597</u>	<u>82.9</u>
East German coastal trade		
Trade between foreign ports	7,709	1.3
	93,694	15.8
Total	<u>593,000</u>	<u>100.0</u>

\* The total tonnage (593,000) is from Table 7, Appendix A, p. 42, below; other tonnages are calculated from percentages given.

\*\* 13/

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In 1957 the East German fleet was reported to have carried 6 percent of the seaborne foreign trade, 14/ thus allowing the following estimate of the distribution of performance in 1957:

<u>Trade</u>	<u>Tons</u>	<u>Percent</u>
East German foreign trade	313,900*	84.8
East German coastal trade	7,000	1.9
Trade between foreign ports	49,100	13.3
Total	<u>370,000</u>	<u>100.0</u>

The most notable change in area of performance between 1957 and 1958 is the amount of cargo carried between foreign ports, which apparently rose from 13.3 percent of the total in 1957 to almost 16 percent in 1958. The tonnage almost doubled. Although this type of cargo is an obvious source of foreign exchange earnings, it has not been stated openly as East German policy to solicit traffic between foreign ports. The magnitude involved is possibly a result of more ships going into the long-distance East Asia run, where carriage of interport cargo, particularly between other Bloc countries, would be a matter of course rather than a matter of solicitation.

East German plans announced originally in 1957 called for a performance in 1960 of 1.86 million tons and 8.6 billion ton-miles, or about 90 percent more cargo than was carried in 1959. 15/ No later plan or performance data for 1960 have since become available. Fleet capacity, however, increased only 41 percent in 1960, and the composition of vessels in the fleet remained about the same. On the basis of the date on which each additional ship entered operation during 1960 and the time that other ships were under repair or otherwise not in service, it is probable that not more than 1.3 million tons were moved in 1960.

## 2. Plan for 1965

No plans for 1965 have been announced beyond the recent statement that the fleet is expected to carry 35 percent of East German overseas trade, 16/ indicating that the fleet is expected to carry about 4.2 million tons of foreign trade cargo. To this tonnage should be added about 800,000 tons of coastal and foreign interport

\* Six percent of the total trade of 5,232,100 tons shown in Table 8, Appendix A, p. 43, below.



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cargo, making a total of about 5 million tons. This performance is not unreasonable for the expected size and employment of the fleet.\*

## II. Seaborne Foreign Trade

### A. General

The proportion of East German foreign trade that moved by sea has fluctuated from 15.8 percent in 1955 to about 19 percent in 1956 and 1957 and back down to 15.1 and 16.2 percent, respectively, in 1958 and 1959. The plan for 1960 has consistently been announced as 25 percent of total trade, as shown in Table 2,\*\* but in that event either seaborne trade will have been closer to 9 million tons than the 8 million tons planned or the total trade will have decreased in 1960 from the 1959 level. Neither eventuality is likely, and thus the share moving by sea in 1960 will be at most 23 percent and probably not more than 20 percent of total trade. The total foreign trade, which reached about 35.2 million tons in 1959, may have risen to almost 39 million tons in 1960. It is doubtful that seaborne trade was more than 7 million tons at most, which would be about 22 percent above the 1959 level of 5.7 million tons. Although East German seaborne trade has developed faster than world seaborne trade -- up 34 percent in 1959 above that in 1955 compared with an increase in world trade of only 18 percent 19/ -- there are no indications to date that an additional increase of almost 40 percent was achieved in East German seaborne trade in 1960.

The plan to move 11.9 million tons by sea in 1965 may be accomplished, even though this represents an increase of 108 percent in the 6-year period from 1959. Most of the additional 6.2 million tons planned to be moved by sea by 1965 may be supplied by the increase in seaborne trade with the USSR in the Baltic.\*\*\*

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\* This performance would result in an average of about 7.9 cargo tons per vessel deadweight capacity with a fleet of 600,000 DWT. In 1959 the average was only 5.4 cargo tons per vessel deadweight ton, but the proportion of ships employed in the short-haul trades is expected to rise from 5 percent in 1959 to 12 percent in 1965. In 1959 the Polish fleet, totaling 695,000 DWT, averaged 7.1 cargo tons per deadweight ton, 17/ with less than 9 percent of vessel tonnage normally assigned to the local coasting trades. 18/ The expected performance of the East German fleet may be met, therefore, particularly if the quality of the ships, mostly of new construction, permits the improved performance that East Germany expects of them.

\*\* Table 2 follows on p. 13.

\*\*\* See C, 2, p. 16, below, and Table 4, p. 18, below.

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Table 2

East German Foreign Trade, Total and Seaborne  
1955-59, 1960 Plan, and 1965 Plan

Year	Total Trade <u>a/</u> (Thousand Metric Tons)			Seaborne Trade	
	Import	Export	Total	Thousand Metric Tons <u>b/</u>	Percent of Total <u>c/</u>
1955	18,700	8,300	27,000	4,260	15.8
1956	18,900	7,200	26,100	4,901	18.8
1957	20,100	7,300	27,400	5,232	19.1
1958	23,100	8,700	31,800	4,790 <u>d/</u>	15.1
1959	25,800	9,400	35,200	5,717	16.2
1960 Plan	N.A.	N.A.	(32,000) <u>e/</u>	8,000	25.0 <u>e/</u>
1965 Plan	N.A.	N.A.	N.A.	11,900	N.A.

a. 20/. These are minimum figures and do not include commodities reported in terms other than tons, except textiles, railroad rolling stock, and automotive vehicles, which have been converted to tons.

b. Data for 1955-59 are from Table 8, Appendix A, p. 43, below. Plans for 1960-65 are from source 21/.

c. Percentages for 1955-59 are calculated on the basis of performance. The percentage for 1960 is a plan figure. 22/

d. There has been no published explanation for the drop of 440,000 tons in seaborne trade in 1958. Table 8 shows that traffic through all foreign ports dropped. Table 10, Appendix A, p. 49, below, shows that of the East German ports, Rostock suffered a drop of 107,800 tons, possibly because of the construction work being done in the port area, whereas Wismar handled 91,300 tons more. The decline of almost 400,000 tons through Hamburg was not compensated for by any known traffic through other ports.

e. The total trade is calculated from the statements that seaborne trade will be 8 million tons and 25 percent of the total. Inasmuch as total trade reached a minimum of 35.2 million as early as 1959, it is probable that total trade in 1960 was more than 35 million tons and that seaborne trade was no higher than 22 or 23 percent.

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East Germany is taking account of the comparative costs of various forms of transportation and, where feasible, is tending toward the use of ocean shipping for trade with adjacent land areas. More than 45 percent of the seaborne trade in 1958 was with adjacent land areas and could otherwise have moved by land. In 1965, at least 65 percent of the seaborne trade is planned to be with land-connected countries, 54 percent with the USSR alone.

Trade with overseas areas, however, also is expected to increase, particularly with underdeveloped nations. Trade with the Middle East, Southeast Asia, Africa, and Latin America is planned to be increased from about 190,000 tons to more than 1.1 million tons.

B. Share Carried by the East German Fleet

Although the share of East German seaborne trade carried by the East German fleet can be determined for 1957-59 with a high degree of reliability, East German estimates of future performance not only disagree from statement to statement but also are at variance with stated intentions concerning the use of the fleet.\* Independent estimates have been made, therefore, of the share of the total seaborne foreign trade carried by the East German fleet for 1959-60 and 1965, based on announced fleet plans and trends in interport cargo. These estimates are as follows, together with actual performance in 1957-58:

<u>Year</u>	<u>Seaborne Trade (Thousand Tons)</u>	<u>Cargo Carried by the East German Fleet</u>	
		<u>Thousand Tons</u>	<u>Percent of Total</u>
1957	5,232.1	313.9	6
1958	4,790.3	491.6	10
1959	5,717.2	800**	14
1960	8,000 Plan	1,000**	12
1965 Plan	11,900	4,200	35

\* Some announcements concerning the share to be carried by the domestic fleet mean the proportion of trade at "East German disposal" -- that is, c.i.f. exports and f.o.b. imports rather than of the total seaborne trade. Other announcements apparently mean the proportion of trade moving in and out of East German ports only, and some include all cargo carried by the East German fleet including coastal and foreign interport.

\*\* Estimated.

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Insofar as planned increases in the fleet are exceeded, of course, performance by the East German fleet in 1965 may be higher than the above estimates.

C. Direction of Trade1. 1957-58

Origins and destinations of East German seaborne trade are shown in detail in Table 9.\* The main geographic trading areas in 1958 are summarized in Table 3. The heaviest concentration of sea trade is in the short-range areas,\*\* amounting to more than 40 percent of the total sea trade. Trade with the longest range area, the Far East, may be second in volume, about 20 percent of the total. Direction of trade also is illustrated on the map.\*\*\*

Table 3

East German Seaborne Imports and Exports  
by Geographic Area a/  
1958

Area	Thousand Metric Tons		
	Import	Export	Total
Baltic and Barents Seas	953	698	1,651
North Sea and Atlantic Europe	134	243	377
Mediterranean	171	463	634
Black Sea	660	25	685
South and Southeast Asia	9	15	24
East Asia	668	252	920
North and South America	32	104	136
Africa	57	29	86
Australia	1	Negl.	1
Subtotal	<u>2,685</u>	<u>1,829</u>	<u>4,514</u>
Unidentified	90 <u>b/</u>	186 <u>b/</u>	276
Total	<u>2,775</u> <u>b/</u>	<u>2,015</u> <u>b/</u>	<u>4,790</u>

a. From Table 9, Appendix A, p. 44, below.

b. Estimated.

\* Appendix A, p. 44, below.

\*\* Baltic and Barents Seas and North Sea and Atlantic Europe.

\*\*\* Inside back cover.

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Immediately apparent is the imbalance in the direction of trade. Imports from the Baltic and Barents Seas areas in 1958 were 1.4 times the volume of exports.\* In trade with the UK and along the Atlantic coast, on the other hand, exports were 1.8 times the volume of imports. In trade with the Mediterranean, exports were 2.7 times the volume of imports, and the fact that the volume of imports from the Black Sea was in the same order of magnitude as exports to the Mediterranean (a reasonably proximate sea area) would not help to supply cargoes both ways, because exports to the Mediterranean were dry cargo and imports from the Black Sea were mainly liquid cargoes (petroleum). Trade with East Asia probably was 73 percent imports, imports being about 2.6 times the volume of exports.

The result of such imbalances is that, as more vessels are placed into routes outside the Baltic, the East German fleet must carry a continually larger proportion of foreign interport cargo or run light in one direction. Consequently, East Germany will continue to rely heavily on foreign ships for carriage of East German imports and exports.

2. 1960-65

Total East German seaborne traffic planned from 1960 through 1965 is characterized by an exceptional growth in volume of imports 23/:

<u>Year</u>	<u>Import</u>	<u>Export</u>	<u>Total</u>	<u>Million Tons</u>
				<u>Total Through East German Ports</u>
1960	5.4	2.6	8.0	6.3
1961	6.6	2.9	9.5	7.7
1962	7.1	3.1	10.2	8.7
1963	7.5	3.3	10.8	9.5
1964	7.8	3.4	11.2	10.0
1965	8.5	3.4	11.9	10.7

It is not believed that the plan for 1960 was met. It would mean an increase of 2.3 million tons above 1959, an increase of 2.5 million tons in East German ports alone. Although the new port area in Rostock was to be in operation in the second half of 1960, it was expected to

\* If some of the unidentified trade should be included here, it probably would be import trade and would further aggravate the imbalance.

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handle only 700,000 tons by the end of the year, only one-third of the additional tonnage planned.\* 24/ The amounts planned for 1961, however, may be at least approached.

Sea traffic between East Germany and the USSR amounted to a minimum of 27 percent of the total seaborne trade in 1957 and 1958, but by 1965 East German plans call for 54 percent of seaborne trade to be with the USSR. Direction of all seaborne trade as planned for 1965 is shown in Table 4.\*\*

The increase in sea trade with the USSR undoubtedly is a result of decisions to divert to the Baltic Sea route more and more of the trade between the USSR and East Germany that would otherwise move by rail through Poland. According to those decisions, 1 million tons will move via the Baltic in 1959 compared with 9 million tons by rail and in 1965, 6 million tons via the Baltic compared with 9.4 million tons by rail. 25/ Such an increase in sea movement is possible in view of the expansion of the East German port of Rostock, planned to handle 6.9 million tons in 1965, 26/ and the expansion of the East German and Soviet fleets. It is acknowledged by East Germany that sea transportation will be considerably less expensive than rail and that if, as is possible, the Soviet and East German fleets carry the bulk of the cargo, it will be necessary to expend very little hard currency to pay for Western vessels in the Soviet - East German trade.

This growth in trade with the USSR in the Baltic, together with substantial increases in trade with other Baltic and European countries, will result in a considerable shift in direction of seaborne trade by 1965. Traffic in the short-haul areas will account for almost 70 percent of all seaborne trade compared with more than 40 percent in 1958.

With the exception of sea trade with the USSR, the greatest increases are planned to be with the underdeveloped areas. That the volume of sea trade with the Far East in 1965 remains almost identical with the volume estimated in 1958 may be explained by two possibilities: (a) the volume estimated for trade with Communist China in 1958, which is a maximum, is too high, and (b) the character of trade with China will change substantially, from bulk cargoes to high-value goods of low volume. The latter possibility is probable in view of the recent trend. If such is the case, more of the trade may move by rail.

\* For the trend of traffic in East German ports in 1955-59, see Table 10, Appendix A, p. 49, below.

\*\* Table 4 follows on p. 18.

Table 4

East German Seaborne Foreign Trade  
Planned for 1965 Compared with 1958, by Area

Area	Plan 1965 <sup>a/</sup>		Actual 1958 <sup>b/</sup>	
	Thousand Metric Tons	Percent	Thousand Metric Tons	Percent
Finland	583	4.9	340	7.1
Norway, Denmark, Iceland	559	4.7	472	9.9
Sweden, excluding ferry traffic	428	3.6	174	3.6
USSR	6,450	54.2	1,280 <sup>c/</sup>	26.7
Levant and Black Sea, including Albania and Yugoslavia <sup>d/</sup>	1,071	9.0	729	15.2
Far East, including Oceania	893	7.5	921	19.2
Middle East, India, and Southeast Asia	393	3.3	24	0.5
Africa	369	3.1	86	1.8
South and Central America	357	3.0	81	1.7
UK and Ireland	298	2.5	136	2.8
Belgium and the Netherlands	274	2.3	175	3.7
Others	226	1.9	372 <sup>e/</sup>	7.8
Total	<u>11,900</u>	<u>100.0</u>	<u>4,790</u>	<u>100.0</u>

a. <sup>27/</sup>

b. Unless otherwise indicated, data in these columns are from Table 9, Appendix A, p. 44, below.

c. Estimated. Perhaps low by as much as 200,000 tons.

d. Assumed to include Italy, Greece, Turkey, Syria, and Egypt (UAR) as well. (Egypt is included in the Levant service of the East German fleet rather than the proposed Africa service.) Not including the USSR on the Black Sea.

e. Perhaps high by about 200,000 tons. See Table 9, footnote q, Appendix A, p. 48, below.

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III. Use of Foreign VesselsA. Volume of Traffic

Although the share of East German seaborne trade carried by foreign ships is decreasing, from 94 percent in 1957 to an estimated 86 percent in 1959 and a planned 65 percent in 1965, the total volume of trade will be increasing so rapidly between 1959 and 1965 that the volume carried by foreign ships also will increase. In both 1957 and 1959, foreign ships carried 4.9 million tons. By 1965, if plans for total seaborne trade and trade carried by East German ships are fulfilled, foreign ships will be carrying about 7.7 million tons of East German seaborne imports and exports.\*

B. Trade Controlled by East Germany\*\*1. 1959

In 1958, East Germany controlled 86 percent of the cargo transiting East German ports. 28/ Although this percentage is high, there are other strong indications that East Germany conducts the greater part of its export business on c.i.f. terms and its import business on f.o.b. terms. 29/ If the same proportion applies to East German trade transiting Hamburg and Polish ports, East Germany controlled in 1959 about 4.9 million tons of the total seaborne trade of 5.7 million tons, and, therefore, East Germany was obligated to find ships to carry the 4.9 million tons.

The comparative advantages and disadvantages to East Germany of retaining control of its seaborne foreign trade are determined by a complex interplay of factors too numerous to be detailed within the scope of this report. The apparent immediate results of the control, however, can be outlined. In the case of controlled

\* For total volume and volume carried by East German ships, see II, B, p. 14, above.

\*\* C.i.f. exports and f.o.b. imports. Under c.i.f. terms the buyer pays the seller the cost of the transport included in the total quoted cost of the goods. The seller, therefore, controls the means of transport, hires the vessel, and pays the shipowner the freight charges for the transport. East Germany as the seller controls the transport of its c.i.f. exports. Under f.o.b. terms the buyer pays the shipper only the price of the goods delivered to the port of loading. The buyer therefore controls the transport of the goods, hires the vessel, and pays the shipowner. East Germany as the buyer controls the transport of its f.o.b. imports.

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imports (f.o.b.), East Germany pays the exporting country only the price of the goods and pays the price of the sea transport separately to the ship owners. More than 70 percent of the volume of seaborne imports comes from the Bloc. If sea transport of that 70 percent were included in the price of the goods (c.i.f. terms), East Germany presumably would be paying in Bloc currencies or clearing account commodities for the entire transaction. As it is, a considerable proportion of the import cargo not only moves under f.o.b. terms but also is carried by Western ships hired by East Germany. The great majority of Western ships fly the flag of countries that either have no clearing account agreements with East Germany or specifically exclude shipping services from clearing accounts.\* Furthermore, hard currency is generally demanded for these shipping services. In the case of c.i.f. exports, East Germany receives both the price of the goods and the cost of sea transport from the importing country but pays out the cost of transport to foreign shipowners. More than 80 percent of the volume of seaborne export cargo goes to non-Bloc countries and the c.i.f. price in some cases is paid to East Germany in transferable currency, but probably a high proportion is handled in clearing accounts and paid off in commodities or soft currencies under terms of the bilateral trade agreement.\*\* Here again, for the transport of c.i.f. exports, East Germany undoubtedly is paying for the greater part of the Western shipping service in hard currency not subject to bilateral clearing account transactions.

On the face of it, therefore, the excessive control exercised by East Germany over its seaborne trade\*\*\* would seem to be a disadvantage in the field of foreign exchange. Too little is known, however, of the internal interplay between East German trade and seaborne transportation to determine conclusively whether the retention of a high proportion of control is a result of inefficient management or of the financial and political aspects of other factors outweighing the apparent loss of hard currency.

In any event, East German reliance on foreign vessels is high. East German ships probably carried more than 750,000 tons, almost all of which is believed to have been controlled trade, of the 4.9 million tons of total controlled trade. Probably 4.1 million tons

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\* For flags of ships serving East German trade, see the tabulation in C, 1, p. 23, below, and Table 11, Appendix A, p. 50, below.

\*\* For an indication of the volume of trade with such countries, see Table 9, Appendix A, p. 44, below.

\*\*\* Poland, for example, with a fleet 4 times the size of the East German fleet and seaborne trade only 2.5 times the volume of East German seaborne trade, controls less than 50 percent of its seaborne trade. 30/ Even this total is higher than the normal practice of nonmaritime countries.

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of seaborne trade controlled by East Germany was therefore carried by foreign ships with the transport arranged by East Germany. The breakdown by nationalities of ships is estimated to have been as follows\*:

	<u>Tons</u>	<u>Percent</u>
Western ships	3,100,000	64
East German ships	800,000	16
Other Bloc ships	1,000,000	20
Total	<u>4,900,000</u>	<u>100</u>

To handle the approximately 3.1 million tons of cargo shipped on Western ships, it is estimated that a minimum of 300,000 DWT of vessel capacity was needed on a daily average throughout the year.\*\* It is probable, however, that about 30 percent of the cargo moved on liners. East Germany uses liner service extensively for trade with East Asia, the Levant, and South America. Because not more than one-fourth of the capacity of a liner would normally be used, the total vessel tonnage of Western ships involved probably was about 570,000 DWT on the average instead of the basic need of 300,000 DWT.\*\*\* Western tramp ships chartered or subchartered by East Germany may have accounted for about 210,000 DWT, and liners probably accounted for the remaining 360,000 DWT.

Available charter records include only 73 chartered voyages of Western ships for the entire year, totaling about 640,000 DWT. <sup>34/</sup> These voyages averaged only about 35,000 DWT daily throughout the year.† The discrepancy between the tramp tonnage needed, 210,000 DWT, and the tonnage recorded as chartered probably is the result of three major factors: (a) much of the tonnage chartered by East Germany may have been subcharters of ships shown as under charter to other Bloc countries; (b) East Germany apparently is using the services of Sovfracht, the Soviet chartering agency, to a large extent, such ships appearing in the charter records under Soviet charter; and (c) it is believed that charter transactions of small ships trading in the Baltic Sea and along the European coast are much more numerous than the few charter reports received covering that area.

50X1

\*\*\* Estimated on the basis of about 10 cargo tons carried per deadweight ton. <sup>32/</sup>

50X1

† The voyages averaged about 20 days each. Average deadweight tons per day are arrived at by multiplying 640,000 DWT by 20 days and dividing by 365 days.

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The 1.0 million tons estimated to have been carried on other Bloc ships was probably divided about 200,000 tons on Polish ships and 800,000 on Soviet ships. More than 50,000 tons were carried by Soviet tankers. A very high proportion of the remaining 950,000 tons of dry cargo carried by Bloc ships is believed to have moved on Soviet and Polish liners (including Chipolbrok ships), probably 80 percent, or about 760,000 tons. To move the cargo on foreign ships, it is estimated that the following vessel tonnages were involved on the average throughout the year:

	<u>Deadweight Tons</u>	
	<u>Involved</u>	<u>Capacity Needed</u>
Western liners	360,000	90,000
Western tramps and tankers	210,000	210,000
Soviet tankers*	12,000	12,000
Soviet and Polish liners**	260,000	65,000
Soviet and Polish tramps***	19,000	19,000
 Total	 <u>861,000</u>	 <u>396,000</u>

This estimated breakdown of capacities needed by Western versus Bloc ships, however, is speculative until more specific information is available.

2. 1965

It is probable that the proportion of seaborne trade under East German control in 1965 will decline to at least 75 percent (but not less than 70 percent) compared with 86 percent in 1958. Of the total trade of 11.9 million tons planned for 1965, therefore, East Germany probably will control the transportation of not more than 8.9 million tons. About 3.5 million tons of the controlled trade may be

\* Soviet tankers made five trips, each trip taking about 15 days, a total of 75 days, which is 21 percent of 365 days. The tankers averaged 11,500 DWT with a total trip tonnage of 57,500 DWT, of which 21 percent is 12,075 DWT.

\*\* Calculated at about 12 cargo tons per deadweight ton to arrive at the capacity needed and multiplied by 4 to arrive at the vessel tonnage involved. (At the most, one-fourth of the capacity of a liner probably is used by East Germany.) Bloc liners probably carried East German cargo for shorter average lengths of haul than did the Western ships.

\*\*\* Calculated at 10 cargo tons per deadweight ton.

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carried by East German ships, leaving about 5.4 million tons for which foreign ships will be needed. By 1965 it is possible that about 2.5 million tons will be moved on other Bloc ships, probably about 2 million on Soviet ships and 500,000 on Polish ships, and only about 3 million tons on Western ships. The Western ships probably will carry a higher proportion of long-haul cargo than Bloc ships, and an estimated average of 335,000 DWT of Western vessel capacity may be used\* compared with an estimated average in 1965 of 210,000 DWT of Bloc vessel capacity.\*\* A very rough estimate of the vessel tonnage involved, including liner service, would indicate about 635,000 DWT of Western ships and 520,000 DWT of Bloc ships.\*\*\*

C. Nationality of Ships1. Chartered Ships

Charter fixtures presently recorded as East German charters are fewer than expected in view of East German needs for ocean shipping. Probably many of the ships chartered by East Germany are actually subcharters from Sovfracht, the Soviet chartering agency, or are charters arranged for East Germany by Sovfracht as agent for Deutrans† and are recorded as Sovfracht charters. The following breakdown of flags of vessels chartered by East Germany will therefore not give a true picture of proportions but is presented as the extent of information presently available 35/:

<u>Flag of Vessels</u>	<u>Number of Voyages</u>	<u>Vessel Deadweight Tons</u>
Norwegian	17	206,000
British	8	121,000
Dutch	9	95,000
Swedish	16	45,000
West German	7	35,000
Others	16	139,000
Total	<u>73</u>	<u>641,000</u>

\* Calculated at 9 cargo tons per deadweight ton.

\*\* Calculated at 12 cargo tons per deadweight ton.

\*\*\* Estimated on the basis that 30 percent of the cargo carried by Western ships and 50 percent of the cargo carried by Bloc ships will be moved on liners.

† Successor to Deutfracht, the East German freight forwarding agency.

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Most of the chartered ships were of oceangoing size, the average being about 9,000 DWT. Only the Swedish and Finnish ships averaged under 4,000 DWT. For the numerous small coastal ships used in the Baltic and along the European Coast, charter records apparently are incomplete. Coasters of the Baltic countries and of West Germany provided the service not shown in the charter records.

## 2. Ships Calling at East German Ports

A more indicative picture of the nationality of ships serving East German needs for ocean transportation may be derived from records of ships calling at East German ports through which passed about two-thirds of East German seaborne trade in 1959. On the other hand, it should be remembered that the East German trade passing through Polish ports will be served to a very large extent by Polish ships, a service not reflected in calls at East German ports, and the service to trade passing through Hamburg will be weighted in favor of Western ships.

No yearly data have been published on ship calls at East German ports. A compilation of individual ship calls during a 3-month period in 1959, by flag of ships calling, is presented in Table 11.\* This sampling indicates that Western vessel capacity made up 75 percent of the total. West German ships provided the most service, accounting for 18 percent of all foreign vessel tonnage and 24 percent of the vessel tonnage of all Western ships. Scandinavian\*\* and British ships accounted for 32 percent (42 percent of Western tonnage), each providing about the same amount of service.

Of the 562 calls by Western vessels in 3 months, 16 were oceangoing tankers, and 546 were dry cargo freighters and small coastal tankers with an average size of only 845 gross register tons (GRT).\*\*\* Only 29 dry cargo ships were more than 3,000 GRT, providing service from Murmansk, the Black Sea, the Mediterranean, China, and South America. The other 517 small dry cargo ships and coastal tankers were employed almost entirely in the Baltic and along the European coast, a further indication that the charter records are incomplete.

Western oceangoing tankers provided 25 percent of the Western vessel tonnage calling at East German ports. In 3 months, they included 10 trips from the Black Sea, 2 from Albania, 2 from Venezuela, and 2 from Rotterdam (possibly transshipment cargo).

\* Appendix A, p. 50, below.

\*\* Swedish, Finnish, Norwegian, and Danish.

\*\*\* Deadweight tonnage is generally about 1.4 times the gross register tonnage.

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No information is available for the same period (September-December 1959) on the service provided by Soviet and Polish ships. Data available for the equivalent of 3 months, however, indicate that Soviet ships offered more cargo space than West German ships, 20 percent of all foreign vessel space available in a 3-month period. Estimated calls of Polish ships brings Bloc vessel space up to at least 25 percent of the available foreign vessel capacity.

From the type of service offered, primarily small coastal vessels, it is apparent that a large share of the long-distance trade moved through foreign ports rather than East German ports. The amount of foreign exchange paid to the UK for shipping services\* indicates that the British ships, whether liners or chartered tramps, provided a large part of the long-range service in and out of other European ports.

3. Tankers\*\*

In 1958, Soviet tankers were used heavily for the oil movement from the Black Sea, making 27 trips during the year compared with about 10 trips by Western tankers direct to Wismar. In 1959 the situation was reversed and only 5 trips were made by Soviet tankers and at least 54 trips by Western tankers.\*\*\* In addition, the two East German tankers made a total of 10 trips in 1959,† making a total of about 69 trips from the Black Sea. In the first half of 1960, East Germany purchased from Sweden two oceangoing tankers totaling about 27,000 DWT. 37/ By the end of 1960, East German tankers were capable of making about 30 trips a year from the Black Sea, about half of the 1959 demand for tanker trips from the Black Sea. The amount of petroleum to be moved, however, has been increasing steadily, and it is possible that in 1961 at least 90 trips will be necessary.†† Trips by foreign tankers in 1961, therefore, probably will be at least 55, more than 60 percent of the total and a drop from 1959 of only 4 trips by foreign tankers.

\* See D, p. 26, below.

\*\*\* Some 42 tankers declared for Wismar, and others were fixed for Rotterdam/Hamburg/Wismar option. Those trips on record included 27 trips by Norwegian tankers, 10 by Dutch, 7 by Greek, 6 by British, and 4 by others.

† Plus four trips from Albania.

†† It is estimated that at least 1.2 million tons will be shipped in 1961 compared with about 1 million tons in 1959. On the assumption that East German tankers will make about 30 trips, carrying about 300,000 tons, it is estimated that the remaining 900,000 tons will require about 65 trips by Western and Soviet tankers, based on about 13,500 tons per trip. In 1959, Western tankers averaged 14,600 tons each, and Soviet tankers 10,640 tons each.

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The amount of petroleum shipped by tanker from the USSR and Rumania in 1959 identified as destined for East Germany was as follows:

	<u>Thousand Tons</u>
Western tankers	788.9
Soviet tankers	53.2
East German tankers	111.4
Total	<u>953.5</u>

It is probable that 30,000 to 40,000 additional tons were shipped to West European ports, all in Western tankers for transshipment to East Germany. These amounts are to be compared with about 400,000 tons to Wismar direct in 1958 and possibly 200,000 tons transshipped, a total of about 600,000 tons.

In 1963 the pipeline to East Germany may be completed, 38/ and imports from the Black Sea probably will be no more than about 750,000 tons, all of which can be handled by the planned East German tanker fleet.

#### D. Foreign Exchange Expended

In 1958, East Germany paid \$51.4 million\* in foreign exchange for the use of foreign vessels. At least \$39 million were paid to non-Bloc nations, and about \$35 million of this amount probably were in transferable currency.\*\* In 1957, East Germany paid \$9.8 million (3.5 million pounds) for British shipping space alone. 41/

East Germany apparently had a favorable balance from commodity trade in 1958 amounting to \$210 million. 42/ Expenditures of \$51.4 million of sea transport alone cut that favorable balance by 24 percent. Moreover, there was an unfavorable balance with Western nations of about \$48.5 million that was almost doubled by the \$39 million in addition paid for the use of Western vessels.

\* "114.2 million DM [East German marks] in foreign exchange" converted at 2.22 to US \$1. 39/

\*\* The \$39 million is calculated on the basis of tons carried by Western vessels -- about 75 percent of total tons carried by foreign vessels (see III, B, 1, p. 19, above). The proportion may be higher inasmuch as the cargo carried by Western vessels was generally in the longer hauls. It has been stated further that 90 percent of the commercial services rendered by Western nations is paid for in free currency. 40/

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The cost of foreign shipping in 1959 may have risen to more than \$60 million. Both the volume of cargo carried in foreign ships and the average freight rate paid per ton increased in comparison with 1958.\* Probably at least \$45 million was paid to Western shipowners.

If the average freight rate paid by East Germany in 1965 remains about the same as in 1959, the foreign exchange spent on sea transport of the trade for which East Germany controls the transportation may run about \$80 million gross.\*\* Although Western ships may move about 55 percent of the cargo, it probably will be in longer hauls commanding higher freight rates than cargo carried by other Bloc ships, and as much as 60 percent of the \$80 million may be for the account of Western shipowners.

No specific announcements have been made concerning foreign exchange earned by the East German fleet. It is highly probable that any earnings that may have resulted from carriage of foreign interport cargo in 1958 were more than offset by fleet expenditures in foreign ports. In 1965, also, there probably will be little or no net surplus of foreign exchange earned by the fleet over foreign exchange expended by the fleet in foreign ports. The estimated expenditure of about \$80 million on foreign ships in 1965, therefore, probably will not be offset by any net earnings of the East German fleet.\*\*\* Nevertheless, it should be remembered that the cargo carried in East German ships represents a saving of foreign exchange that would otherwise have been paid out for foreign ships, and by 1965 such savings may be about \$60 million.†

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\* In 1958, cargo carried by foreign ships controlled by East Germany amounted to about 3.63 million tons, and the average freight rate was about \$14 per ton (see the footnote on p. 52, below). In 1959, about 4.1 million tons moved on foreign ships (see III, B, 1, p. 19, above), and, judging by the slight increase in world freight rates, the average rate probably rose to about \$15 per ton.

\*\* Obtained by multiplying 5.4 million tons by \$15 per ton. Although freight rates may be higher by 1965, proportionately less general cargo may be carried for East Germany by foreign vessels, the two circumstances canceling out.

\*\*\* See Methodology, Appendix B, p. 51, below.

† Obtained on the basis of 3.9 million tons of controlled trade carried by East German ships, at about \$16 per ton. See Methodology, Appendix B, p. 51, below.



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APPENDIX A

STATISTICAL TABLES

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## S-E-C-R-E-T

Table 5

Vessels Added to the East German Merchant Fleet, by Year a/\*  
1950-60

Vessels		Gross Register	Deadweight	Speed	Year	
Name	Units	Tons	Tons	(Knots)	Built	Into Service
1960						
Total fleet, Dec 1960	<u>52</u>	<u>184,626</u>	<u>257,771</u>			
Acquired, 1960						
MS Volkerfreundschaft <u>b</u> /		12,396	4,800	19.0	1948	Feb
MS Ernst Moritz Arndt <u>c</u> /		6,969	10,880	10.0	1943	Feb
MS Karl Marx Stadt <u>d</u> /		6,500	10,200	15.0	1960	Jun
MT Schwarzheide (tanker)		8,510	13,360	14.0	1947	Jun
MT Luetzkendorf (tanker)		8,510	13,360	14.0	1946	Jul
MS (Dubreka) <u>d</u> / <u>e</u> /		4,908	2,560	15.0	1947	<u>e</u> /
MS (Djoliba) <u>d</u> / <u>e</u> /		4,908	3,035	14.5	1947	<u>e</u> /
MS Gera <u>d</u> /		6,500	10,200	15.0	1960	Dec
MS Arcturus		586	840	10.0	1960	Jan
MS Gemma		586	840	10.0	1960	Mar
MT Rositz (bunker tanker)		791	1,025	10.0	1953	May

\* Footnotes for Table 5 follow on p. 40.

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Table 5

Vessels Added to the East German Merchant Fleet, by Year a/  
1950-60  
(Continued)

<u>Vessels</u>		<u>Gross</u>	<u>Deadweight</u>	<u>Speed</u>	<u>Year</u>	<u>Into Service</u>
<u>Name</u>	<u>Units</u>	<u>Register</u> <u>Tons</u>	<u>Tons</u>	<u>(Knots)</u>	<u>Built</u>	
1960						
(Continued)						
MS Denebola		586	840	10.0	1960	Aug
MS Wega		586	840	10.0	1960	Oct
MS Deneb		586	840	10.0	1960	Oct
MS Atair		586	840	10.0	1960	f/
MS Markab		586	840	10.0	1960	f/
MS Sirrah		586	840	10.0	1960	f/
MS Aldebaran		586	840	10.0	1960	f/
MS Capella		586	840	10.0	1960	f/
Total		<u>65,852</u>	<u>77,820</u>			
Disposed of, 1960						
MS Anklam		432	500	9.5	1955	g/
MS Ostseebad Wustrow		432	500	9.5	1955	g/

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Table 5  
 Vessels Added to the East German Merchant Fleet, by Year a/  
 1950-60  
 (Continued)

Vessels		Gross Register	Deadweight	Speed	Year	
Name	Units	Tons	Tons	(Knots)	Built	Into Service
1960 (Continued)						
MS Sassnitz		432	500	9.5	1955	<u>G/</u>
MS Warnemuende		432	500	9.5	1955	<u>G/</u>
MS Wolgast		432	500	9.5	1955	<u>G/</u>
Total		<u>2,160</u>	<u>2,500</u>			
1959						
Total fleet, Dec 1959	<u>38</u>	<u>120,934</u>	<u>182,451</u>			
Acquired, 1959						
MS Steckenpferd		4,994	9,408	10.5	1936	Jan
MS Stoltera		1,859	3,480	14.0	1946	Mar
MS Erfurt <u>d/</u>		6,502	10,020	15.5	1959	May

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Table 5

Vessels Added to the East German Merchant Fleet, by Year a/  
1950-60  
(Continued)

Vessels		Gross Register Tons	Deadweight Tons	Speed (Knots)	Year Built	Into Service
Name	Units					
1959 (Continued)						
MS Leipzig <u>d/</u>		6,501	10,020	15.5	1959	Jul
MS Nordstern		586	840	10.0	1959	Nov
MS Schwerin <u>d/</u>		6,506	10,020	15.5	1959	Dec
MS Halle <u>d/</u>		6,500	10,020	15.5	1959	Dec
Total		<u>33,448</u>	<u>53,808</u>			
1958						
Total fleet, Dec 1958	<u>31</u>	<u>87,486</u>	<u>128,643</u>			
Acquired, 1958						
MS Thomas Muentzer		4,993	9,408	10.5	1937	Mar
MS Heinrich Heine <u>d/</u>		7,198	9,050	14.0	1938	Apr

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Table 5

Vessels Added to the East German Merchant Fleet, by Year a/  
1950-60  
(Continued)

Vessels		Gross Register	Deadweight	Speed	Year	
Name	Units	Tons	Tons	(Knots)	Built	Into Service
1958						
(Continued)						
MS Theodor Koerner <u>d/</u>		7,198	9,050	13.5	1938	May
MS Dresden <u>d/</u>		6,507	10,020	15.5	1958	Aug
MS Berlin <u>d/</u>		6,507	10,020	15.5	1958	Sep
MT Leuna I (tanker)		7,949	11,500	13.0	1957	Oct
MS Kap Arkona		1,858	3,480	14.5	1946	Nov
MS Magdeburg <u>d/</u>		6,507	10,020	15.5	1958	Nov
MT Leuna II (tanker)		7,949	11,500	13.0	1958	Dec
MS Stubbenkammer		1,858	3,480	14.5	1948	Dec
Total		<u>58,524</u>	<u>87,528</u>			

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Table 5

Vessels Added to the East German Merchant Fleet, by Year a/  
1950-60  
(Continued)

Vessels		Gross Register	Deadweight	Speed	Year	
Name	Units	Tons	Tons	(Knots)	Built	Into Service
1957						
Total fleet, Dec 1957	<u>21</u>	<u>28,962</u>	<u>41,115</u>			
Acquired, 1957						
SS Thaelman Pioneer		2,515	4,100	13.0	1957	Mar
MS Frieden <u>d/</u>		6,507	10,020	15.5	1957	Jun
MS Freundschaft <u>d/</u>		6,507	10,020	15.5	1957	Dec
Total		<u>15,529</u>	<u>24,140</u>			
Disposed of, 1957						
SS Stralsund <u>h/</u>		1,106	1,500	10.5	1954	

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Table 5

Vessels Added to the East German Merchant Fleet, by Year a/  
1950-60  
(Continued)

<u>Vessels</u>		<u>Gross</u>	<u>Deadweight</u>	<u>Speed</u>	<u>Year</u>	<u>Into Service</u>
<u>Name</u>	<u>Units</u>	<u>Register</u> <u>Tons</u>	<u>Tons</u>	<u>(Knots)</u>	<u>Built</u>	
1956						
Total fleet, Dec 1956	<u>19</u>	<u>14,539</u>	<u>18,475</u>			
Acquired, 1956						
MS Timmendorf		415	475	8.0	1955	i/
MS Kuhlingsborn		432	500	9.5	1956	Sep
MS Ahrenshoop		432	500	9.5	1956	Oct
MS Prerow		432	500	9.5	1956	Nov
MS Zingst		432	500	9.5	1956	Dec
MS Barhoeft		432	500	9.5	1956	j/
MS Graal Muritz		432	500	9.5	1956	j/
MS Heringsdorf		432	500	9.5	1956	j/
MS Koserow		432	500	9.5	1956	j/
MS Peenemuende		432	500	9.5	1956	j/
Total		<u>4,303</u>	<u>4,975</u>			

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Table 5

Vessels Added to the East German Merchant Fleet, by Year a/  
1950-60  
(Continued)

Vessels		Gross	Deadweight	Speed	Year	
Name	Units	Register Tons	Tons	(Knots)	Built	Into Service
1955						
Total fleet, Dec 1955	<u>9</u>	<u>10,236</u>	<u>13,500</u>			
Acquired, 1955						
MS Wolgast		432	500	9.5	1955	Aug
MS Anklam		432	500	9.5	1955	<u>k/</u>
MS Greifswald		432	500	9.5	1955	Sep
MS Ostseebad Wustrow		432	500	9.5	1955	Nov
MS Sassnitz		432	500	9.5	1955	<u>k/</u>
MS Warnemuende		432	500	9.5	1955	<u>k/</u>
Total		<u>2,592</u>	<u>3,000</u>			

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Table 5

Vessels Added to the East German Merchant Fleet, by Year a/  
1950-60  
(Continued)

Vessels		Gross	Deadweight	Speed	Year	
Name	Units	Register Tons	Tons	(Knots)	Built	Into Service
1954						
Total fleet, Dec 1954	<u>3</u>	<u>7,644</u>	<u>10,500</u>			
Acquired, 1954						
SS Rostock		3,269	4,500	12.7	1953	Oct
SS Wismar		3,269	4,500	12.7	1953	Nov
SS Stralsund		1,106	1,500	10.5	1954	
Total		<u>7,644</u>	<u>10,500</u>			
Disposed of, 1954						
SS Vorwaerts <u>1/</u>		915	1,200		1906	

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Table 5

Vessels Added to the East German Merchant Fleet, by Year a/  
 1950-60  
 (Continued)

Vessels		Gross Register	Deadweight	Speed	Year	
Name	Units	Tons	Tons	(Knots)	Built	Into Service
1950-53						
Total fleet, Dec 1950-53	<u>1</u>	<u>915</u>	<u>1,200</u>			
Acquired, 1950						
SS Vorwaerts		915	1,200		1906	

a. The ship data are from Lloyd's and the East German press or are estimated on the basis of the type of ship. Year of acquisition is the date of delivery to the operating company or the date that the vessel began active service, whichever is earlier or known.

b. Passenger cruise ship, with refrigerator facilities as well.

c. Salvage completed 1960.

d. Refrigerator facilities.

e. These two ships were purchased from a French owner and have not yet been given new East German names. Purchased in June, they have been undergoing conversion in Antwerp. They are both refrigerated fruit ships.

f. Probably commissioned in the third quarter of 1960.

g. Sold to the USSR. Two ships may have been transferred late in 1959 and the other three early in 1960.

h. Sank in February 1957.

i. Probably went into service in the first quarter of 1956. 43/

j. Probably went into service late in 1956. First sighted in the Baltic early in 1957. 44/

k. Placed in service in the third quarter of 1955. 45/

l. Turned over to the Young Pioneers as a "culture ship" early in 1955. 46/

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Table 6

Structure of the East German Merchant Fleet a/  
1959-60 and Estimate for 1965

Type of Ship	1959		1960		Estimate for 1965 <u>b/</u>	
	Number of Ships	Thousand Deadweight Tons	Number of Ships	Thousand Deadweight Tons	Number of Ships	Thousand Deadweight Tons
Tankers	<u>2</u>	<u>23.0</u>	<u>5</u>	<u>50.7</u>	<u>7</u>	<u>84.3</u> <u>c/</u>
Passenger ships	<u>0</u>	<u>0</u>	<u>1</u>	<u>4.8</u>	<u>1</u>	<u>4.8</u>
Dry cargo freighters						
13,000 DWT	0	0	0	0	2	26.0
9,000 to 11,000 DWT	13	127.2	16	158.5	16	160.3 <u>d/</u>
7,000 DWT	0	0	0	0	22	154.0
2,500 to 5,000 DWT	6	23.5	8	29.1	8	29.1
1,600 to 2,100 DWT	0	0	0	0	18	37.8
500 to 900 DWT	17	8.8	22	14.7	36	24.5
Total dry cargo	<u>36</u>	<u>159.5</u>	<u>46</u>	<u>202.3</u>	<u>102</u>	<u>431.7</u>
Grand total	<u>38</u>	<u>182.5</u>	<u>52</u>	<u>257.8</u> <u>e/</u>	<u>110</u>	<u>520.8</u> <u>e/</u>

a. 47/. Acquisition, by type of ship, between 1960 and 1965 apparently will be only ships built in East German yards. The most recent plans give a total fleet capacity of 600,000 DWT but do not give a breakdown by type. The additional 70,000 DWT probably will be secondhand Western ships, but into what category in this table they would fall is not known.

b. Estimated for 1965 on the basis of announced plans compared with actual developments in 1958-60.

c. Various reports have ranged from one tanker in 1965 to an unknown number totaling 200,000 DWT by 1962. The estimate herein is based on sources given in footnote a, above. The final acquisition may be about 100,000 DWT of tanker capacity by 1965.

d. Provides for scrapping of four vessels totaling 36,500 DWT.

e. Not including two railroad ferries, one to have been delivered in 1960 and one in 1961.

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Table 7

Performance of the East German Merchant Fleet a/  
1951-59

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<u>Year</u>	<u>Thousand Metric Tons</u>	<u>Million Nautical Ton-Miles</u>	<u>Average Length of Haul (Nautical Miles)</u>
1951	9	Negl.	N.A.
1952	30	Negl.	N.A.
1953	50	18	360
1954	31	25	806
1955	133	259	1,947
1956	172	222	1,291
1957	370	449	1,214
1958	593	2,017	3,401
1959	981	4,909	5,004

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a. 48/. There was no fleet before 1951.

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Table 8

East German Seaborne Foreign Trade  
by Port of Transit  
1955-59

	Thousand Metric Tons				
	<u>1955</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>	<u>1959</u>
Total trade					
East German ports <u>a/</u>	2,222.1	2,544.9	3,149.7	3,133.3 <u>b/</u>	3,702.5
Hamburg <u>c/</u>	1,489.0	1,846.0	1,392.0	993.0	1,346.0 <u>d/</u>
Polish ports <u>e/</u>	448.8	360.0	570.4	564.0	568.7
Others <u>f/</u>	100.0	150.0	120.0	100.0	100.0
Total	<u>4,259.9</u>	<u>4,900.9</u>	<u>5,232.1</u>	<u>4,790.3</u>	<u>5,717.2</u>
Known imports					
East German ports	873.5	1,288.9	1,980.1	1,777.9	2,314.7
Hamburg	558.0	1,153.0	899.0	535.0	824.4
Polish ports <u>g/</u>	N.A.	N.A.	385.0 <u>h/</u>	378.0	382.2
Total	<u>1,431.5</u>	<u>2,441.9</u>	<u>3,264.1</u>	<u>2,690.9</u>	<u>3,521.3</u>
Known exports					
East German ports	1,348.6	1,256.0	1,169.6	1,355.4	1,387.8
Hamburg	931.0	693.0	493.0	458.0	521.6
Polish ports <u>g/</u>	N.A.	N.A.	185.4 <u>h/</u>	186.0	186.5
Total	<u>2,279.6</u>	<u>1,949.0</u>	<u>1,848.0</u>	<u>1,999.4</u>	<u>2,095.9</u>

a. 49/. These figures do not include approximately 125,000 tons annually of transshipment cargo.

b.  total port traffic of 3,886,000 tons. 50/ It is possible that the  figure includes the lighter (barge) traffic from Soviet Baltic ports, which in 1956 moved by ship, and ferry traffic from Denmark and Sweden.

c. 51/

d. 52/

f. Estimated on the basis of known shipments through Belgian and Dutch ports of 77,000 tons in 1956 and 58,000 tons in 1957. 56/

g. 57/

h. Estimated on the basis of the division between imports and exports in 1958.

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Table 9

Direction of East German Seaborne Foreign Trade, by Country a/\*  
1957-58

<u>Countries of Origin and Destination</u>	<u>Thousand Metric Tons</u>					
	<u>1957</u>			<u>1958</u>		
	<u>Import</u>	<u>Export</u>	<u>Total</u>	<u>Import</u>	<u>Export</u>	<u>Total</u>
Grand total	<u>3,349</u> b/	<u>1,883</u> b/	<u>5,232</u>	<u>2,775</u> b/	<u>2,015</u> b/	<u>4,790</u>
Baltic and Barents Seas	<u>1,270</u>	<u>695</u>	<u>1,965</u>	<u>953</u>	<u>698</u>	<u>1,651</u>
Finland <u>c</u> /	230	195	425	210	130	340
Norway	125	63	188	101	46	147
Sweden <u>c</u> /	100	145	245	32	142	174
Poland <u>d</u> /	0	2	2	0	0	0
Denmark <u>c</u> /	15	175	190	10	290	300
USSR <u>e</u> /	800	115	915	600	90	690
North Sea and Atlantic Europe	<u>113</u>	<u>187</u>	<u>300</u>	<u>134</u>	<u>243</u>	<u>377</u>
UK (minimum value)	1	70	71	1	135	136
West Germany <u>f</u> /	15	15	30	15	15	30
France <u>g</u> /	10	0	10	10	0	10
Netherlands <u>h</u> /	41	69	110	50	70	120
Belgium-Luxembourg <u>i</u> /	37	14	51	40	15	55
Iceland	9	19	28	17	8	25
Portugal	<u>j</u> /	<u>j</u> /	<u>j</u> /	1	<u>j</u> /	1

\* Footnotes for Table 9 follow on p. 48.

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Table 9

Direction of East German Seaborne Foreign Trade, by Country a/  
1957-58  
(Continued)

Countries of Origin and Destination	1957			1958		
	Import	Export	Total	Import	Export	Total
Mediterranean	<u>174</u>	<u>278</u>	<u>452</u>	<u>171</u>	<u>463</u>	<u>634</u>
Italy <u>c/</u>	0	35	35	0	15	15
Greece <u>c/</u>	6	3	9	5	20	25
Yugoslavia <u>c/</u>	75	20	95	70	210	280
Lebanon	2	2	4	<u>j/</u>	<u>j/</u>	<u>j/</u>
Syria	7	5	12	1	<u>j/</u>	<u>j/</u>
Turkey	14	16	30	15	19	34
Egypt	22	169	191	35	174	209
Albania <u>k/</u>	45	25	70	45	25	70
Sudan	3	3	6	<u>j/</u>	<u>j/</u>	<u>j/</u>
Black Sea	<u>555</u>	<u>14</u>	<u>569</u>	<u>660</u>	<u>25</u>	<u>685</u>
Bulgaria <u>k/</u>	25	2	27	25	5	30
Rumania <u>k/</u>	40	2	42	60	5	65
USSR <u>k/</u>	490	10	500	575	15	590

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Table 9

Direction of East German Seaborne Foreign Trade, by Country a/  
 1957-58  
 (Continued)

<u>Countries of Origin and Destination</u>	<u>Thousand Metric Tons</u>					
	<u>1957</u>			<u>1958</u>		
	<u>Import</u>	<u>Export</u>	<u>Total</u>	<u>Import</u>	<u>Export</u>	<u>Total</u>
South and Southeast Asia <u>l/</u>	<u>26</u>	<u>6</u>	<u>32</u>	<u>9</u>	<u>15</u>	<u>24</u>
India	25	4	29	9	8	17
Ceylon	0	2	2	0	3	3
Malaya	1	<u>j/</u>	1	<u>j/</u>	4	4
East Asia	<u>734</u>	<u>287</u>	<u>1,021</u>	<u>668</u>	<u>252</u>	<u>920</u>
Japan	<u>j/</u>	51	51	1	20	21
Communist China <u>m/</u>	700	200	900	600	200	800
North Korea <u>n/</u>	18	22	40	18	15	33
North Vietnam <u>n/</u>	12	11	23	45	12	57
Mongolia <u>n/</u>	4	3	7	4	5	9
North and South America <u>o/</u>	<u>21</u>	<u>100</u>	<u>121</u>	<u>32</u>	<u>104</u>	<u>136</u>
US	<u>j/</u>	57	57	<u>j/</u>	55	55
Cuba	7	<u>j/</u>	7	10 <u>m/</u>	<u>j/</u>	10

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Table 9

Direction of East German Seaborne Foreign Trade, by Country a/  
1957-58  
(Continued)

<u>Countries of Origin and Destination</u>	<u>Thousand Metric Tons</u>					
	<u>1957</u>			<u>1958</u>		
	<u>Import</u>	<u>Export</u>	<u>Total</u>	<u>Import</u>	<u>Export</u>	<u>Total</u>
North and South America o/ (Continued)						
Argentina p/	2	1	3	5	15	20
Brazil p/	10	25	35	15	17	32
Uruguay p/	2	17	19	2	17	19
Africa	4	54	58	57	29	86
Morocco	j/ 4	j/ 43	j/ 47	55 1	j/ 27	55 28
Nigeria				1	2	3
Union of South Africa	j/	11	11	1		
Australia	1	3	4	1	j/	1
Total identified or estimated	2,898	1,624	4,522	2,685	1,829	4,514
Unidentified q/	451	259	710	90	186	276

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Table 9

Direction of East German Seaborne Foreign Trade, by Country a/  
1957-58  
(Continued)

- [REDACTED]
- b. Estimated on the basis of the ratio of known imports to known exports in Table 8, p. 41, above.
- c. Estimated on the basis of bulk commodities that would normally move by sea. This trade does not include that with Denmark and Sweden moving by ferry.
- d. 59/
- e. Estimated on the basis of comparison between total traffic in East German ports and traffic through the Kiel Canal. 60/
- f. Estimates for 1957-58 are based on the data for 1956. 61/
- g. Estimates for 1957-58 are based on the data for 1956. 62/
- h. Estimates for 1958 are based on the data for 1957. 63/
- i. 64/
- j. Less than reporting unit or none reported.
- k. Estimated on the basis of weekly reports in the East German press concerning ship arrivals in East German ports [REDACTED]
- l. Pakistan, Burma, Indonesia, and Thailand report no trade or less than 500 tons.
- m. Estimated on the basis of total identified imports of agricultural products, estimated value per ton of the remainder of the imports, and the statement that the volume of imports by sea exceeded the volume of exports by 300 percent. 66/
- n. Estimated on the basis of the value of trade and an average cost per ton.
- o. Small, unreported amounts moved with other South American countries and Canada, mostly imports.
- p. Estimated on the basis of East German trade figures, 67/ as it is possible that the reporting country did not record all trade moving or recorded some under West Germany. Estimates are supported by scattered ship reports.
- q. The remainder of 276,000 tons in 1958 may be small lots with numerous unlisted countries. The much larger unassigned quantity in 1957, 710,000 tons, however, may indicate that sizable amounts should be assigned to the areas that have had to be estimated on piecemeal data, the Soviet Baltic and the Black Sea. It is unlikely that sea trade with Communist China is any greater than the estimates given.

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Table 10  
 East German Port Traffic a/  
 1955-59

	Thousand Metric Tons			
	<u>Rostock</u>	<u>Wismar</u>	<u>Stralsund</u>	<u>Total</u>
1955				
Import	504.8	281.4	87.3	873.5
Export	198.7	674.4	475.5	1,348.6
Sea-to-sea transit	0	0	63.0	63.0
Land transit	0	13.7	43.1	56.8
Total	<u>703.5</u>	<u>969.5</u>	<u>668.9</u>	<u>2,341.9</u>
1956				
Import	639.9	526.4	122.6	1,288.9
Export	160.8	709.7	385.5	1,256.0
Sea-to-sea transit	0	0	95.6	95.6
Land transit	0	10.0	0	10.0
Total	<u>800.7</u>	<u>1,246.1</u>	<u>603.7</u>	<u>2,650.5</u>
1957				
Import	830.4	914.3	235.4	1,980.1
Export	178.5	686.2	304.9	1,169.6
Sea-to-sea transit	0	0	127.6	127.6
Land transit	0	4.2	0	4.2
Total	<u>1,008.9</u>	<u>1,604.7</u>	<u>667.9</u>	<u>3,281.5</u>
1958				
Import	711.4	879.0	187.5	1,777.9
Export	189.7	813.9	351.8	1,355.4
Sea-to-sea transit	0	0	126.5	126.5
Land transit	0	3.1	0	3.1
Total	<u>901.1</u>	<u>1,696.0</u>	<u>665.8</u>	<u>3,262.9</u>
1959				
Import	799.6	1,234.4	280.7	2,314.7
Export	173.2	902.0	312.6	1,387.8
Sea-to-sea transit	0	0	105.6	105.6
Land transit	0	1.8	0	1.8
Total	<u>972.8</u>	<u>2,138.2</u>	<u>698.9</u>	<u>3,809.9</u>

a. 68/

Table 11  
Calls of Foreign Vessels at East German Ports a/  
September, November, and December 1959

	Total Vessel Calls			Oceangoing Tankers		Dry Cargo Vessels and Coastal Tankers		
	Number	GRT b/	Average Size (GRT)	Number	GRT	Number	GRT	Average Size (GRT)
Western vessels c/								
West German	200	147,092	735	1	9,627	199	137,465	691
Finnish	52	69,246	1,332	0	0	52	69,246	1,332
Swedish	81	59,585	736	1	8,087	80	51,498	644
Dutch	76	57,865	761	2	18,848	74	39,017	527
Norwegian	31	54,230	1,749	3	30,030	28	24,200	864
British	5	41,634	8,327	4	41,044	1	590	590
Egyptian	9	41,629	4,625	0	0	9	41,629	4,625
Danish	85	36,935	435	0	0	85	36,935	435
Greek	3	35,597	11,866	3	35,597	0	0	0
Turkish	4	25,397	6,349	0	0	4	25,397	6,349
Panamanian	4	18,934	4,734	1	6,144	3	12,790	4,263
Italian	3	13,721	4,574	1	6,121	2	7,600	3,800
Icelandic	8	13,574	1,697	0	0	8	13,574	1,697
Liberian	1	1,260	1,260	0	0	1	1,260	1,260
Total	<u>562</u>	<u>616,699</u>	1,097	<u>16</u>	<u>155,498</u>	<u>546</u>	<u>461,201</u>	845
Bloc vessels								
Soviet c/	54	163,974	3,037	1	8,992	53	154,982	2,924
Polish d/	17	40,500	2,382	0	0	17	40,500	2,382
Total	<u>71</u>	<u>204,474</u>	2,880	<u>1</u>	<u>8,992</u>	<u>70</u>	<u>195,482</u>	2,793
Grand total	<u>633</u>	<u>821,173</u>	1,297	<u>17</u>	<u>164,490</u>	<u>616</u>	<u>656,683</u>	1,066

a. 69/

b. Gross register tons.

c. Records are unavailable for the same period as that used for the Western vessels. Scattered weekly reporting in the East German press, however, provided coverage for 13 separate weeks, the equivalent of 3 months.

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## S-E-C-R-E-T

## APPENDIX B

METHODOLOGY FOR ESTIMATING EARNINGS AND EXPENDITURES  
OF FOREIGN EXCHANGE IN 1965

The East German merchant fleet will earn foreign exchange mainly by carrying f.o.b. exports and cargo between foreign ports. In 1965 it is estimated that the East German fleet may move about 5.0 million tons, of which 4.2 million tons may be foreign trade cargo, 750,000 tons cargo between foreign ports, and about 50,000 tons domestic coastal cargo. It is assumed that East German ships will carry more bulk cargo inbound, consequently with less broken stow and free space inbound than outbound, and that less interport cargo will be carried on the inbound leg than on the outbound.

It is further assumed that about 75 percent of total seaborne trade will be under East German control compared with 86 percent in 1958. The decrease is based on the larger proportion of trade with the USSR to which exports will probably be on f.o.b. terms and controlled by the USSR. The volume of trade under East German control would then be about 8.9 million tons, probably broken down to 7.2 million tons of f.o.b. imports (85 percent of imports) and 1.7 million tons of c.i.f. exports (50 percent of exports). The breakdown of cargo carried by East German ships compared with total East German seaborne trade in 1965 may be about as follows:

	Thousand Tons	
	<u>Seaborne Trade</u>	<u>Cargo Carried by the East German Fleet</u>
Inbound		
Imports		
F.o.b.	7,200	2,200
C.i.f.	1,300	0
Total	<u>8,500</u>	<u>2,200</u>
Foreign interport	0	250
Outbound		
Exports		
F.o.b.	1,700	300
C.i.f.	1,700	1,700
Total	<u>3,400</u>	<u>2,000</u>
Foreign interport	0	500

## S-E-C-R-E-T

It becomes apparent that foreign exchange may be earned only on about 1.05 million tons carried by the East German fleet, 300,000 tons of f.o.b. export cargo and 750,000 tons of foreign interport cargo. At an estimated average freight rate of about \$16,\* earnings of foreign exchange may be about \$17 million. Against the earnings must be debited the expenditures of foreign exchange paid out by the fleet for services in foreign ports. In 1958, Poland had about 500,000 DWT of vessels under Polish control and paid out about \$15.4 million for foreign port services. 72/ In 1965, East German plans are based on a fleet of about 600,000 DWT, and expenses should be a minimum of \$18 million and probably more than \$20 million. The gross earnings of the fleet may therefore be wiped out by the expenditures of the fleet.

If East Germany modifies its policy of shipping exports on c.i.f. terms to even less than 50 percent in 1965 compared with a probable 70 percent in 1958, the East German fleet will carry more f.o.b. exports and earn more foreign exchange. This situation is not presently considered likely, however, inasmuch as East Germany might earn more exchange by shipping c.i.f., particularly to Western nations, to the extent that those exports could be carried in its own bottoms -- that is, the consignees would be paying foreign exchange to East Germany for the transport cost included in the price of the goods and East Germany would be paying out foreign exchange only for the expenses of the fleet in foreign ports.

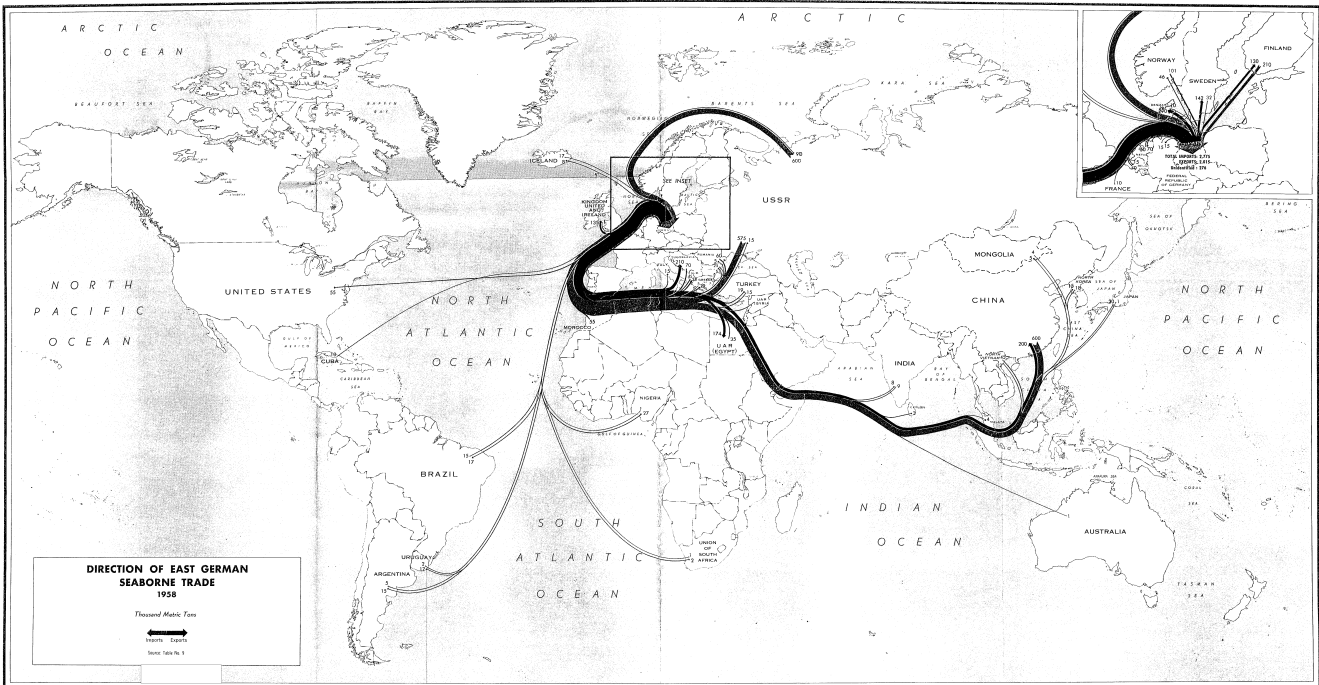
\* In 1958, East Germany paid out \$51.4 million for foreign ships (see III, D, p. 26, above). The ships involved apparently carried 3.63 million tons, derived as follows: trade for which East Germany controlled the transportation was about 86 percent of total seaborne trade (see III, B, p. 19, above), or about 4.12 million tons. East German ships carried 489,000 tons, 71/ leaving 3.63 million tons carried by foreign ships. The average freight rate was therefore about \$14 per ton. In 1965, East German vessels may be carrying a higher proportion of general cargo than foreign vessels did in 1958. Inasmuch as earnings will be mostly in the outbound service and more general cargo moves outbound, as well as the fact that world freight rates probably will be higher in 1965, the average rate can be assumed to be higher than in 1958.

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