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RUMANIA PLANS A SHARP INCREASE IN STEEL PRODUCTION DURING 1960-70

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Rumania has recently announced plans for the most rapid expansion of steel production among the European Satellites, during the 1960-70 decade. If successful Rumania would follow Czechoslovakia and Poland as the third largest steel producer in the Satellites. Probably influenced by an impressive 52 percent increase in their steel output in 1959, when over 1.4 million tons were produced, the Rumanians plan to produce 3.3 million tons for 1965 and 7.5 million tons by 1970. Achievement of the latter goal will require an average annual rate of increase exceeding 16 percent during 1960-70 compared to the average rate of 13.5 percent attained during 1949-59. This trend of steel production contrasts with that of the Satellite countries as a unit since production during the decade is expected to increase at a somewhat reduced rate.

The paramount industrial objective of the Rumanian Six Year Plan (1960-65) is the construction of a new integrated steel plant with an annual capacity of 4.0 million tons. This plant--to be larger than any other steel plant existing or contemplated through 1975 in the Satellites--will be located on the Danube River at Galati where small rolling mills and a sorting station for imported iron ore currently are in operation. Although the new plant is to supply the preponderant portion of the nation's increase in iron and steel output by 1970, it will at best produce only small amounts in 1965 when its initial operation is scheduled. Rumania, therefore, will depend largely on additions to existing plants for the increase in production of iron and steel industry commodities to the 1965 levels. These goals are as follows:

<u>Product</u>	<u>Production</u> (Thousands of Metric Tons)		<u>Planned Average Annual Rate of Increase From 1959 to 1965</u>
	<u>1959</u>	<u>1965</u>	
Metallurgical coke	609	1,600	17.5
Iron ore	1,064	4,000	24.7
Pig iron	846	2,000	15.4
Crude steel	1,419	3,300	15.1
Rolled Steel	755	2,000	17.6
Pipe*	274	500	10.5

* In addition to rolled steel.

Included in the 1960-65 Rumanian plan are new 700 cubic meter blast furnaces and improvements in existing furnaces at the two principal steel plants located in Hunedoara and Resita. These additions are to more than double the 1959 national output of pig iron. For steel-making, three new 400-ton open hearth furnaces at Hunedoara, new electric furnaces at a number of plants, and measures to improve efficiency throughout the industry are scheduled. Existing rolling capacity is to be more effectively used and adapted to the production of new types of steel sections. The major increase in rolled steel production, however, is to come from 1.0 million tons of new capacity which is to be added to the Hunedoara installation. The nation's first welded pipe mills and an additional seamless pipe mill also are to be built to contribute to the expected increase in pipe production.

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A weakness in the rather ambitious program to increase steel production may lie in the construction performance of Rumania. Significant lags in the building of steel plant facilities have impeded past production schedules. It seems probable that a project the size of the new Galati plant may also encounter obstacles of supervision and delayed deliveries of equipment. 2/

The program for expansion of steel production may be further impeded by Rumania's inadequate raw material base. Domestic production, of metallurgical coke including that coming from 650,000 tons of new capacity still to be built, is to supply 70 percent of Rumania's requirement in 1965. However, despite an effort to use more of the low-grade domestic coking coal, Rumania probably will have to depend increasingly on the other Soviet Bloc countries for supplies of coking coal. Perhaps more serious is the uncertainty of future iron ore supplies--especially in view of the statements by the USSR that ore shipments to the Satellites may not be increased after 1965. Rumania, which now imports nearly half of its required iron ore in terms of iron content, plans to become less dependent on imports by 1965 by increasing iron ore production over one and one-half times more rapidly than pig iron production. If the rate of production implied in the 1965 plan prevails, domestic economically exploitable iron ore reserves--estimated to be about 30 million tons--would approach exhaustion before 1970. In recognition of this, Rumania is counting heavily on exploiting low-grade reserves which have been of little economic interest because of difficult mining conditions. A characteristic low-grade deposit is located near Constanta in the Dobrogea region where geological research is first to be concentrated and where proved reserves are on the order of only several million tons of ore averaging 20 percent iron content. 3/ Recent optimistic claims by the Rumanians, however, indicate that this deposit may contain "hundreds of millions of tons of iron ore." 4/ Even if reserves approaching this magnitude are proved, the Rumanians probably would have great difficulty in financing and constructing ample ore production and beneficiation facilities on time. A better solution may well exist in working with the Satellites as a unit to expand imports of iron ore from underdeveloped countries and thus help to promote economic penetration.

Although the Rumanians may not fully achieve the level of production planned for 1970, a notable advance in their position as a steel producer among the European Satellites is predicted. Rumanian per capita production of steel is now well below the average of the Satellite countries, but fulfillment of the 1970 production goal would increase their per capita output to 364 kg or to slightly above the European Satellite average estimated for that year. In view of the ambitious industrial program of Rumania, however, the nation may continue as a deficit steel producer, relying principally on other CEMA members to make up any deficiencies in rolled steel.

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