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INFORMATION REPORT INFORMATION REPORT

CENTRAL INTELLIGENCE AGENCY

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COUNTRY Poland

REPORT

SUBJECT 1. Structure of Cekop, State Agency for Foreign Trade

DATE DISTR. 8 APR 1958

3. Cekop Orders *2 organizations projects*

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SOURCE EVALUATIONS ARE DEFINITIVE. APPRAISAL OF CONTENT IS TENTATIVE.

1. Cekop, Polish state agency for foreign trade, was created in the fall of 1954 by the Ministry of Foreign Trade and took over the function of the Biuro Dokumentacji Technicznej (Bureau of Technical Documentation - BDT) which was in existence at that time. The function of the BDT was the administration of scientific and technical cooperation between the East Bloc countries, chiefly in the exchange of technical projects, production processes, etc. This scientific and technical cooperation gradually became less significant and was finally administered in a small department within Cekop.
2. The sections into which Cekop is divided are as follows:
 - a. HM Section, which is responsible for the export of foundry installations, shipyard installations, rolling stock factory installations, and general machine building installations.
 - b. HG Section, which is responsible for the export of installations for the mining and metallurgy industry, geological research, gas pipe lines, and gas works construction.
 - c. HE Section, which is responsible for the export of installations for boiler houses, high-tension lines, and electrical industry products.
 - d. HB Section, responsible for the export of structural steel units of all types, large containers, and container construction equipment.
 - e. HL Section, responsible for the export of installations for porous cement production, glass factories, saw mills, etc.
 - f. HS Section, responsible for the export of installations for sugar refineries, yeast factories, alcohol factories, oil pressing plants, and chemical factories.
 - g. General Trade Section, with subsections as follows: Exhibits and Advertisement, East States Export Coordination, Legal Office, Translation, Price Calculation and Market Research.
 - h. Scientific and Technical Cooperation.

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i. Export Projects.

3. Engineer Furtak (fnu), a former vice-minister for Construction, is the Director of Cekop; Wladyslaw Mostowicz is Deputy Director for Economic and Trade Matters, and is responsible for the General Trade Section, Scientific and Technical Cooperation Section, and the Export Projects Section. The other two deputy directors are: Ropezycki (fnu), who is in charge of the HM, HG, and HE Sections, and Wladyslaw Kubasiewicz, in charge of the HB, HL, and HS Sections.
4. Attempts are being made to make Cekop more independent of the ministry in actual foreign trade negotiations while the ministry will concern itself mainly with economic problems, especially with general trade policies. A special economic department is planned for the ministry.
5. So-called general contractors have been designated contractors for Cekop as Cekop deliveries comprise complete industrial installations made up of machines which are produced in the most diverse factories, often subordinate to different ministries. In addition to this, plans for these installations come from planning offices which are subordinate to other ministries. For example, machines and installations for sugar refineries come from factories subordinate to the Ministry of Heavy Industry while the plans come from the Planning Office for the Food Industry, which is subordinate to a different ministry.
6. A simplification of certain supply functions was planned and was to have begun probably on 1 January 1958. For example, Prozamet, Bureau of Plans for Metal and Electrical Industry Plants, was to draw up plans for, as well as make domestic purchases of, necessary machines and installations. The Central Administration for Heavy Machine and Boiler Building Factories, to which factories producing machines for sugar refineries are subordinate, was to take over this function for the refineries.
7. The Piotrkow Mining Machinery Factory has been designated the general contractor for deliveries of coal washing and sorting installations to China, and Gazobudowa, a Zabrze construction firm, general contractor for long distance gas pipeline exports.
8. A rather chaotic situation in this area has been made worse because a number of factories and general contractors, especially Prozamet, want to eliminate Cekop entirely as an export office and take over the direct export of machinery themselves. The ministry, however, does not want an extensive decentralization of export and import administration because it would then lose its direct influence over both,
9. Cekop is viewed as an important export office for the future especially for exports to underdeveloped countries. A special technical council was created in Cekop for the purpose of intensifying exports to these areas. Director Furtak is the secretary of this council and important members include Fidelski, a former vice-minister of the Machine Building Industry, and Bombinski, a former vice-minister of Construction.

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[Redacted]

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10. The HM Section is negotiating the following transactions:

a. A large foundry and machine factory [Redacted] the contract of which is valued at approximately 6.5 million dollars with terms extending credit over five to six years. [Redacted]

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[Redacted]

b. A mechanized molding shop and sand-preparation plant for a cast iron foundry [Redacted] with a contract valued at about 100,000 dollars. A 10 percent down payment has been made and the installations will be delivered in 1958. General contractor for the firm is Prozamet, and the engineer in charge is Lenartowicz (fnu). [Redacted]

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[Redacted]

11. The HG Section has the following orders:

a. Two coal washing and sorting units with an hourly output of 300 tons for China. The Chinese, who do not trust the delivery capabilities of the Poles and have travelled to (Polish ?) coal basins to inspect Polish installations, wanted to cancel the contracts but the Poles, after mediation, have managed to retain them. At the same time, Poland has imported these units [Redacted]

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b. Two deep coal mine projects for China. One project has been cancelled despite Cekop attempts to retain it.

c. Construction of a long-distance natural gas pipeline [Redacted] a length of about 70 kilometers [Redacted]

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[Redacted]

[Redacted] orders in various countries for the delivery of sections of plants. [Redacted]

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In the first half of 1957, the HG Section submitted a detailed bid to Bulgaria for a coking plant (coking battery). Bulgaria, however, made no use of the bid despite the fact that the only detailed and satisfactory bid was that submitted by Cekop. The USSR had submitted no bid quoting prices but had granted credit to Bulgaria and was to deliver the coking plant as part of the credit agreement. Intercessions by Cekop and the Polish Ministry of Foreign Trade with CEMA (Council of Mutual Economic Assistance) in Moscow were not successful.

12. The HE Section has the following contracts:

- a. Four boiler houses for North Vietnam. The contract includes expanding the State Electric Power Plant in Hanoi with two boilers of 32 tons per hour capacity, the construction of a boiler house in the electric power plant in Hon-gay, the coal center of North Vietnam, the expansion of the electric power plant in Nam Dinh (textile factory), and expansion of the power plant in Haiphong (cement factory). Only expansion of the boiler houses is called for since there are sufficient reserves of turbogenerators.
- b. Two or three boiler units for Yugoslavia.



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13. The HE Section has also been attempting to obtain orders for high-tension lines, especially steel girder towers, but has not been successful.



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14. The HS Section has already delivered two sugar beet processing factories to China the daily output of which is 1,000 tons. The factories were equipped with Polish machines with the exception of the beet-cutting machines and the turbogenerators. The factories were designed with large reserve capacities and processed about 20 to 30 percent more beets than planned. In spite of this, the Chinese were not satisfied with the delivery because the delivery dates were not punctually met and the prices of the machines and installations were very high.

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15. The HS Section also has the following:

- a. A new contract with China for a sugar cane processing combine which will process about 3,000 tons of sugar cane per day. The processing is to be 100 percent effective so that cardboard or paper can be produced from the pressed cane and alcohol from the molasses. In this process, liberated carbon dioxide will be processed into dry ice and fodder dregs will be produced from the molasses residue. The cane mills for this combine and the turbines were imported. Deliveries for this combine have been quite late.

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[Redacted]

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b. A contract for six sugar beet factories, according to USSR specifications, which will be delivered to the USSR in cooperation with East Germany and Czechoslovakia.

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16.

[Redacted]

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[Redacted] Cekop (the HS Section) has also negotiated with China for the delivery of a wood alcohol factory [Redacted]

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[Redacted]

17. At present Cekop is attempting to submit a bid for a sugar refinery to [Redacted]

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[Redacted] Yugoslavia [Redacted] It is possible that the first transaction for a sugar refinery between these two countries will be concluded in 1958.

18. North Vietnam placed an order for a sugar cane processing factory which was to be delivered under Polish credit to Vietnam but the order is still hanging fire as the present economic situation in Vietnam is very weak.

19. Cekop has had trouble competing on the foreign market because Poland does not have the newest sugar refinery machines available, for example such machines as continuous diffusion machines for beet factories, filter presses for beet and cane factories, high-speed centrifuges, etc.

20. The HS Section has delivered some cold storage installations to Bulgaria and now has contracts for further installations with Bulgaria and some with Yugoslavia. Attempts to obtain contracts for such installations in other markets [Redacted] have not been successful. The section has an order from Bulgaria for a fodder dregs production installation.

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21. The HB Section has the following orders:

a. Several thousand tons of structural steel for Czechoslovakia.

[Redacted]

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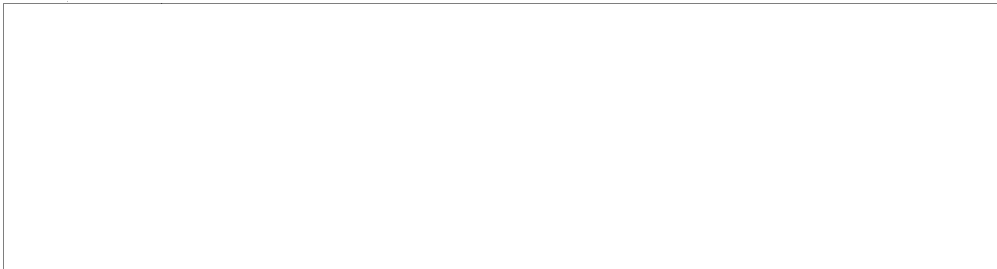
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23. Cekop is trying to increase its exports of rough-machined sheets for containers, and perhaps complete containers and structural steel, since prices for these items are essentially higher than prices for sectional steel or steel sheets in manufactured quantities.
24. The HL Section has specialized chiefly in the delivery of porous concrete factories to the USSR (four or five items) and is now looking for orders in Czechoslovakia and Yugoslavia. This section is also delivering a small glass factory to Albania. The delivery is nearly completed.
25. The Market Research Section bases its work mainly on advertisements which appear in the various foreign newspapers, collects clippings, sends them to the various trade sections, makes advance payments for newspaper advertisements, etc. This effort, however, has had no special results.
26. The Price Calculation Section collects price quotations from various market areas in order to examine bids drawn up by the trade sections. These quotations are compared with available price material. This work has negligible results, however, because of an inadequate knowledge of the market. Section employees are afraid to make decisions. They prefer to set high quotations for bids in order to protect themselves and leave the responsibility of proving whether or not a bid is too high to the trade sections.

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ORGANIZATION STRUCTURE

