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THE ROLE OF MARITIME TRANSPORT IN THE DEVELOPMENT OF THE
NATIONAL ECONOMY DURING THE FIVE-YEAR PLAN

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The tasks facing maritime transport in the coming Five-Year Plan are difficult. For maritime transport to fulfill the goals envisioned in the Five-Year Plan for the entire national economy the ocean ports must increase the rate of transloading and the ship-repair yards must reduce the repair time on ships. At the same time the volume of the Polish merchant fleet must grow faster than hitherto.

A detailed analysis of these various, and sometimes very complicated, tasks would exceed the scope of a single article. I shall therefore limit my remarks to two basic problems: increasing the speed of transloading in ports and increasing the rate of increase of merchant-fleet tonnage.

Before proceeding to a discussion of these two central problems of the Five-Year Plan for maritime transport, a discussion of the present status is in order.

The role of the maritime economy in transforming Poland from a backward agricultural land into an industrial country in the past decade has increased steadily. The first 10 years of postwar development of the maritime economy, and of maritime transport in particular, can be divided into certain definite periods.

The first period, which lasted more or less until 1949, was one of intensive reconstruction of the damaged ports and of rapid increase in the size of the merchant fleet.

In 1949 the reconstructed and expanded Polish ports, particularly Szczecin, equaled the maximum transloading of the entire pre-

our trade. That year however, marked the beginning of a decline in the total volume of transloadings in Polish ports. Along with a large drop in the volume of coal handled there has been a continuing rise in the amount of small goods transloaded. The rapid industrialization of the nation is visible ever more clearly in Polish ports. Exports and imports of machinery and equipment are on the rise, while there is a drop in the turnover of raw materials, particularly coal.

The small decline in total quantitative turnover in Polish ports lasted until 1953. This decline was the result, in addition to changes in economic structure, also of far-reaching changes in the direction of our foreign trade. The attempts of imperialist circles in the West to torpedo our foreign trade were, however, without effect. Beginning in 1953 there was another increase in turnover, both quantitative and with respect to value. In the last year of the Six-Year Plan the total level of turnover in Polish ports reached the peak of 1948-1949, while the value of transloadings in 1955, due to an increase of more than 2.5-fold in the volume of small products handled, was considerably higher than the 1948-1949 quantity.

The increased turnover in Polish ports in the last 3 years was the result largely of an expansion in trade by Poland and the people's democracies with the countries of the Far East. Regular service was inaugurated in 1950 by the motor ship Gottwald, sailing from the Warty to ports in People's China. By 1955 lively trade was being conducted with India, and a number of transactions had been made with Burma, Ceylon, and the Vietnam People's Republic. This increase in foreign trade made it necessary in 1955 to make new permanent connections with Indonesia and Vietnam. Other ports in Asia, such as Jakarta, Surabaya, and Haiphong, have been

added to the base ports on the Far-East line, as well as Wismar in the German Democratic Republic.

In fulfilling the Six-Year Plan there was an increase in tonnage sailed on the line to South America and on the Levantine line. This latter line has been extended to ports in the Black Sea. New connections are being provided by Polish ships in the Baltic. Tramp steamers have considerably improved the utilization of capacity and have sharply reduced the number of ballast runs.

Poland today has a merchant fleet more than 60 percent greater than in 1947. Quantitative turnover in Polish ports has increased in much the same proportion, while in respect to value this turnover has more than doubled.

The increase in the tonnage of the Polish fleet is largely the result of deliveries by the domestic shipbuilding industry. The aid of Soviet specialists, and deliveries of machinery and equipment from the Soviet Union, made a great contribution to overcoming the enormous difficulties which we faced at the beginning of the Six-Year Plan.

The great progress in utilizing the carrying capacity of our fleet (the index of capacity utilization is now around 90 percent), the increase in length of runs (the mean distance per voyage increased during the Six-Year Plan by more than 50 percent) as a result of extending our lines to the Far East -- all these factors enhanced the significance of our modest fleet in the international shipping market. The unselfishness of Polish crews working on the Far-Eastern line was important not only economically but politically as well, for the entire peace camp.

Despite these clear successes in the last 2 or 3 years, however, the rate of increase of fleet tonnage remains quite unsatisfactory. Approximately the same tonnage was made available for op-

eration by the PMH between 1952 and 1955 as between 1946 and 1948. In the last 2 or 3 years we have witnessed an unfavorable drop in the Polish fleet's share in the turnover in Polish ports, from around 20 percent in 1952 to scarcely 17 percent of the total in 1955, the last year of the Six-Year Plan.

The disproportion among the increase in the size of the Polish fleet, the development of Polish foreign-trade volume traveling by sea, and the increase in transit turnover in Polish ports is apparent from a comparison of these indexes: the size of the Polish fleet increased in 1955 by 11 percent over the previous year; Polish foreign trade and transit shipments (as measured in value) increased by around 15 percent during this period.

The relatively slow growth of our fleet in recent years is having an increasingly unfavorable effect on our foreign-exchange balance. Foreign-exchange expenditures in 1955 for shipment of our own goods by foreign shippers will exceed those of 1953 by more than 3.5-fold. The volume of these expenditures may be seen from the fact that the freight fees paid to capitalist shippers could purchase ships with a tonnage equaling 25-30 percent of the present fleet. Clearly this comparison is not the same as saying that (1) we could get along without the use of any foreign shippers and (2) it would be easy to obtain such a large number of ships abroad.

The relatively small size of our fleet, and the numerous shortcomings in port operation, which impede the rate of transloading on our ships, both hamper the development of the entire economy.

During the first half of the Six-Year Plan the maritime ports slowly but systematically improved the speed and quality of ship handling. In 1954, on the other hand, when the total volume of goods handled increased by more than 10 percent over the previous year, there was a serious lag in ship handling. In the last year

of the Six-Year Plan there was an improvement in port operations: based on the first 3 quarters of the year it is estimated that the speed of transloading was around 15 percent greater than in 1954. In the second half of the year, however, there was another drop in the speed of ship dispatching. It is estimated that the down-time of Polish ships in Polish ports in the third quarter of 1955 equaled 2.8 percent of their handling capacity, which is equivalent to eliminating from service for the entire quarter one ship like the Levant.

The causes of this unsatisfactory progress in the speed of servicing ships in our ports are various. There is no doubt, however, that a great deal can still be done by improving the organization of labor. Special attention should be directed toward the proper utilization of mechanized equipment, and the necessity of stabilizing the cadres of port workers.

In order to eliminate the great turnover in port workers, which has dropped only slightly since 1954, closer attention must be directed toward the conditions of labor safety and hygiene, to creating better conditions in the workers' dormitories, etc. The Ministry of Shipping must intervene energetically in the decision-making by the PKPG and the Office of the Council of Ministers in matters of introducing longevity bonuses, increasing social-welfare benefits, etc. Another decisive factor which may promote the liquidation of the great manpower turnover during the Five-Year Plan is increased investments for housing construction.

The transport capacity of the merchant fleet is still cut sharply by excessively long class and annual repairs. The maritime ship-repair yards are, to be sure, improving the efficiency of their operations each year. In 1955 the repair time in general followed

the established harmonogram. During the first three quarters of 1955 the largest installation -- the Olenok Repair Shipyard -- accelerated the completion of repairs by an amount equal to 133 days. Despite these achievements of the ship-repair yards the average time required for class and annual repairs is admittedly much too long in comparison with the times required in foreign shipyards. For example in 1955 the class repair of a merchant ship took an average of 133 days. Annual inspections and repairs cause some such too much operating time.

A reduction during the Five-Year Plan in the time required for annual and class ship repairs equal to 25-30 percent would be equivalent to making available for operation in the first half of the Five-Year Plan 15,000-17,000 dwt of tonnage, or three to four ships like the Levant.

If, furthermore all reserves were released and all short comings overcome in the operation of the ship-repair yards, yards and the PMS, this would be equivalent to increasing the total tonnage of our fleet by a minimum of more than 25,000 dwt, or by around seven medium-sized ships. On the other hand this same tonnage will have to be retired from service during the Five-Year Plan -- as the preliminary considerations indicate. This represents an empty ping whose cost of repair is no longer worth investing.

The preliminary considerations on the Five-Year Plan for the maritime ports show that a relatively small -- say around 10 percent -- increase in total turnover will cause a serious change in the structure of the goods handled by the ports.

The preliminary and most current calculations for the Five Year Plan envision a minimum drop -- equal to around one percent -- in transloadings of coal, and somewhat larger drops in the volume

of timber and grain handled. This is the result, in the former case, of a drop in planned exports, and in the latter of imports. It is planned, on the other hand, that there will be sharp increases in the volume of small goods handled (35 percent), and ore (20-25 percent). At the same time transloadings of "other mass goods" are to increase by more than 30 percent; this group includes particularly transloadings of synthetic fertilizers for agriculture. This change in the structure of mass commerce means that the value of transloadings, in fixed prices, corresponding approximately to labor content, will increase by almost 22 percent during the Five-Year Plan.

In view of the achievements of the Six-Year Plan and of the planned changes in the structure of mass goods handled between 1956 and 1960 it appears desirable to envision further specialization of the ports. In particular a considerably greater share of small goods must be transloaded in Gdynia, and of coal and ore in Szczecin. In addition in Szczecin a solution must be found for the excessive waiting to which inland-shipping barges are subjected when loading and unloading, and all possible means must be employed to increase the use of conveyor belts.

The Five-Year Plan for the maritime ports states that between 1956 and 1960 ship-dispatching time must be reduced much further. The coefficient of ship-service efficiency (the relationship of time used in transloading to the time permitted), which in 1955 was around 63 percent, should not exceed 55 percent in the last year of the Five-Year Plan.

The time required to transload 1,000 tons of goods onto a ship, by individual groups of goods, should drop as follows during the Five-Year Plan: Coal, 17 percent; ore, 20 percent; other mass

s, 30 percent; grain, 30 percent; timber, 20 percent; small goods, 35 percent.

The large acceleration in transloading envisioned in the plan requires an increase in the number of floating cranes and mechanized equipment, in addition to improvements in the organization of work, and particularly cooperation with foreign trade.

Improvements in the organization of labor, reductions in manpower turnover with the resulting increase in the qualifications of port workers, more intensive mechanization of labor, and improvements in transloading technology -- all of these will lay the necessary foundation for further rises in labor productivity in Polish ports. It is planned that labor productivity per transloading worker, calculated in fixed prices, will rise by more than 26 percent during the Five-Year Plan.

In view of the limits on investment during the Five-Year Plan for the construction of new port warehouses a far-reaching improvement must occur between 1956 and 1960 in the utilization of warehouses. We must not repeat the situation which occurred in 1955, wherein the average warehousing time in Polish ports was 2.5 days longer than established in the plan. In the last year of the Five-Year Plan the surface loading of warehouses, in tons per square meter, in Polish ports must be more than 23 percent greater than in 1955, while the average warehousing time must drop by almost 2 days, i.e., by more than 7 percent.

The preliminary considerations on the Five-Year Plan envision a large (around 35 percent) increase in transit turnover. This will require a large improvement in the operating efficiency of the ports and the CZP. The decision to create in each port a special office -- the transit clerk, whose job will be to regulate daily

matters, settle disputes among port contractors, and provide for mass transit -- should help the ports to increase the efficiency of transit turnover.

Without attempting to exhaust all the problems facing the ports in the coming Five-Year Plan it should be emphasized vigorously that the achievement by the ports of the planned acceleration of transloadings is one of the main factors determining whether our small merchant fleet will fulfill the plan, which calls for an increase of more than 43 percent in services.

The tasks facing the Polish merchant fleet in the coming Five-Year Plan, in the light of recent trends in Polish foreign trade, when compared with the present international situation, are particularly difficult.

The visit of the USSR leaders to India and Burma, the commercial agreements recently concluded by Poland with India, Ceylon, and Burma, all of this shows that in 1956, as in later years, trade between the nations of the peace camp in Europe and the countries of Asia will develop uninterruptedly.

In 1955 there occurred a rapid and hitherto unknown increase in the mass of goods -- both Polish foreign trade and transit goods -- on the South-American line. Despite an increase in shipments by Polish ships on this line equal to more than 150 percent, the PMH was not able to handle all these shipments with its own facilities. A considerable proportion of these shipments traveled on foreign lines which sometimes had much more modern equipment than our fleet. Current plans make it possible to say that increases in our trade, and that of the people's democracies using Polish ports, with South America will continue in the future.

At present only around 40 percent of the total trade passing through Polish ports is handled by Polish facilities. There can be

to ensure that Poland's participation in handling foreign trade
is not only limited to merely selling a number of commodities
agreements on the handling of such as can be done, these agreements
include the goods of the other countries to ensure the right to
handle the goods of the other countries. It seems reasonable to ex-
pect that Poland's participation will handle a large part of the total
in Polish foreign trade using maritime routes.

It is noted, however, to realize the long-range program the
size of the Polish fleet must grow more rapidly than hitherto. The
development of this program is also desirable for the national for-
eign exchange balance as for the development of the entire na-
tional economy.

If the PMS had a larger fleet it would be in a better posi-
tion to adapt its facilities to the structure of the mass of goods
on individual lines. This would in turn promote increased income,
with costs increasing less than proportionally. What is more im-
portant a larger fleet would make it possible to take more effec-
tive measures toward reducing the freight rates charged by foreign
shippers for Polish cargoes.

The preliminary considerations in the Five-Year Plan envision
deliveries of ships from domestic shipyards and foreign purchases
such that by the end of the Five-Year Plan 20-27 percent of for-
eign trade and transit shipments using maritime facilities will be
serviced by the Polish fleet. It is thus apparent that a consid-
erable proportion of the goods involved in Polish trade will con-
tinue to be carried by ships sailing under other flags. In this
connection it also becomes problematical whether the planned further
increases in Polish handling of trade will be realized.

Is the national economy able to provide for a more rapid in-
crease in the size of the fleet in order to limit foreign-exchange

expenditures paid to foreign shippers for handling Polish goods?

A positive answer to this question is of course debatable. A more rapid increase in the tonnage of the Polish merchant fleet can come about either through further increases in output by the domestic shipbuilding industry or through increased purchases of foreign ships.

During the Five-Year Plan the domestic shipbuilding industry will undertake the production of complex new tankers of 18,000 dwt capacity, large mother ships for the fishing industry, and will greatly expand the serial production of merchant and fishing ships produced during the Six-Year Plan.

It is difficult to expect the shipbuilding industry to undertake further serious goals which might contribute substantially to further increasing the size of the Polish fleet in comparison with the preliminary, current considerations of the Five-Year Plan.

The role played by this production in deliveries for domestic shipping and export cannot be questioned on fundamental grounds. A reduction in exports of ships, which are purchased primarily by the USSR, would mean cutting imports of investment equipment, basic raw materials such as cotton and ores, and complex machinery for heavy industry. And at the same time metallurgy, machine-building and, in the near future, the atomic industry, which will begin in Poland in the next few months based on supplies from the Soviet Union -- these industries are the basis for development of the shipbuilding industry.

It seems possible, on the other hand, considerably to increase purchases of ships abroad, or to order them in Western-European shipyards. A second-hand ship of 10,000 tons dwt purchased abroad will earn in 1.5 to 2 years enough foreign exchange to pay

its purchase price. A new ship ordered in foreign shipyards is, obviously, more expensive and will have to be amortized over a longer period; but it will remain in use for a correspondingly longer period. Increased purchases or orders for new units from foreign shipyards, however, will be possible only if there is a further increase in exports, or a limitation on imports of those articles which do not play a decisive role in the development and industrialization of our country. It appears that our national economy is able to increase exports. Similarly certain temporary limitations on the importation of certain goods (such as luxury goods like French wines, Holland gins, etc), taking a long view of the matter, need not be considered as impeding the rise in living standards.

In analyzing possibilities of increasing exports, specifically in the maritime economy, one may consider the fishing industry and the river shipbuilding industry.

It would appear that exports might be activated by the fish industry through increasing exports of canned fish, specifically of anchovies in oil. Preliminary calculations made by the Central Administration of the Fishing Industry show that in order to obtain one dollar from the sale of canned anchovies we must import raw materials costing around 50 cents. According to recent analysis of importing markets the sale of this product is essentially unlimited. The decision to import frozen anchovies in order that they may be processed and upgraded by the Polish canning industry, in addition to providing for increases in foreign-exchange balances, will simultaneously smooth out the seasonal work cycle in certain plants and, consequently, improve the utilization of anchovies and other fish caught by Polish boats.

One of the largest plants in the canning industry would then be independent of the large and unavoidable fluctuations in the fish catch.

In view of the intensive development of the Polish fishing industry, whose catch in 1955 exceeded by 30,000-40,000 tons the total prewar Polish catch plus imports; and in view of the planned increase in the fish catch envisioned in the Five-Year Plan, it may be useful for the economy to begin the export on a larger scale of other fish products in the near future.

It might also be possible to promote exports of river floating stock. This becomes a more realistic suggestion when one considers that a large and rapid increase in deliveries of tugboats and barges for domestic inland shipping will probably not be economically justified, in view of plans to expand the water routes in Poland during the Five-Year Plan and the relatively high unit cost of inland shipping in comparison with railroad transport.

It may be assumed that throughout the economy there are numerous such opportunities for increasing exports. Before the final compilation of goals for the Five-Year Plan, therefore, all these possibilities for promoting exports should be analyzed from all sides, keeping in mind the need to find means of increasing the purchase of ships abroad. The opportunities which look realistic should then be included in the Five-Year Plan.

One may conclude that the careful studies made in those industries which produce goods for export and in the foreign-trade offices should lead to the discovery of means of accelerating the expansion of the Polish fleet without the need to hamper the development of the key branches of the economy.

In order to emphasize the need for exerting the maximum effort to expand the Polish fleet it should be noted that a number of

countries have in recent years considerably expanded their fleets. The German Federal Republic, for example, which in 1952 possessed a fleet of 140,000 dwt, now has a fleet totaling millions of dwt. In the postwar decade Sweden has increased the size of its fleet by 1,800,000 dwt, and Denmark by more than 1,300,000 dwt. Poland has exerted considerable effort during this period in increasing its fleet 3-fold. But in absolute figures this increase, which exceeds 200,000 dwt, is not satisfactory.

There has recently been a certain imbalance in the development of our fleet in comparison with the growth of foreign trade which must travel on the ocean. This difficulty can be eliminated only by the concentrated efforts of the entire national economy, the entire nation. The failure to make such an effort will in the future have a still more negative effect on our foreign-exchange balance: it will have a greater inhibiting effect on the rate of development of the entire economy of People's Poland.

If this effort is made in the first half of the Five-Year Plan it will have a double effect on the national economy within 2 to 3 years. The resulting savings can be used both for the further development of the productive forces of Poland and for raising the living standards of the entire Polish citizenry.