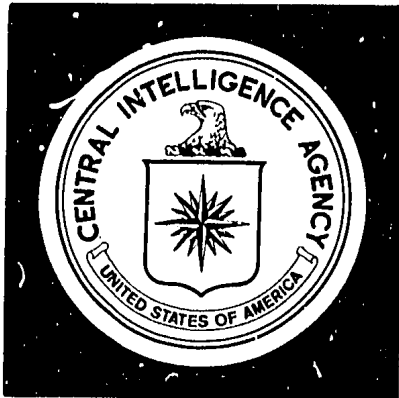


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DIRECTORATE OF
INTELLIGENCE

Intelligence Memorandum

Poland's Network of International Liner Services

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ER IM 72-145
October 1972

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CONTENTS

	<u>Page</u>
Summary	1
Introduction	2
Discussion	3
Organization and Growth	3
Liner Routes - Increasing Services	7
Asian and Australian Division	7
Far East Services	7
India-Pakistan	11
Middle East	11
Australia	11
African and Mediterranean Lines Division	12
Mediterranean	12
West Africa	12
East Africa	12
American Lines Division	13
North America	13
South America	14
European Lines Division	15
Scandinavia	15
United Kingdom	16
European Continent	16
Prospects	16
 Appendix 	
Liner Services of the Polish Ocean Lines, August 1972	19

~~CONFIDENTIAL~~

Page

Tables

1. Polish Merchant Fleet, by Steamship Company	5
2. Tonnage Carried by the Polish Merchant Fleet	6

Illustrations

Figure 1. Organization of Polish Ocean Lines (PLO), 30 June 1972	4
Figure 2. Polish Ocean Lines Routes	8
Figure 3. Hel-class Jastarnia Bor	10
Figure 4. Container Terminal at the Port of Gdynia	17

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CENTRAL INTELLIGENCE AGENCY
Directorate of Intelligence
October 1972

INTELLIGENCE MEMORANDUM

POLAND'S NETWORK OF INTERNATIONAL LINER SERVICES

Summary

1. Poland, more than any other Communist country, has been able to build its shipping services into a worldwide network. In the process, Polish Ocean Lines (PLO) has achieved a strong position in international shipping and now ranks among the top 10 liner⁽¹⁾ companies of all flags. Its ships provide service to most Third World countries, to the industrial West and Japan, and to Asian Communist countries; only the west coast of North America and Cuba are notable exceptions to its coverage.

2. In establishing its extensive network, PLO has operated both within and outside the shipping conferences.⁽²⁾ For instance, in South America, PLO recognized the region's sensitivity to flag discrimination and accepted a cargo quota system, helping to break up the monopolistic shipping conference structure that had served the east coast of South America. Joining with the USSR and East Germany to form BALTAMERICA, the Poles entered newly formed conferences that resulted from Brazilian and Argentine decrees imposing cargo quotas on foreign ships in their seaborne trade, thus wiping out existing conferences. On the west coast, PLO acted like any independent by undercutting the existing conference rate structure to stimulate trade with the area and to enable its ships to obtain cross trade cargoes. In this case, as in most instances, once PLO established its service it joined the appropriate conference regulating the trade.

1. Liners are ships that operate on a relatively fixed schedule carrying high-value general-type cargoes, compared with tramps that have no schedule and usually transport low-value bulk commodities such as coal. Tankers operate as tramps.

2. Organizations of liner operators that fix freight rates and allocate sailings in specific directions on specific trade routes.

Note: This memorandum was prepared by the Office of Economic Research.

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3. PLO is divided into four operational divisions based on geographic areas. By mid-1972, PLO operated 157 ships of 904,000 deadweight tons (DWT) on 32 liner routes. Although its ships transport only a little more than one-fourth of the Polish fleet's carriage, they account for a preponderance of the fleet's foreign exchange earnings. PLO's high earnings are explained by the significantly higher rate structure for liner cargo, compared with tramp cargo. The earnings also reflect the profitability of PLO's operations. In the Indian trade, PLO joined with several Indian shipping companies to form a highly profitable joint service (INDOPOL) that provided equal revenue sharing with the Indian companies and excluded third flag ships from the trade. With the East German steamship company (DSR), PLO created a joint service (BALTAFRICA) and by offering lower freight rates was able to capture the East African coffee trade with the United Kingdom that historically was handled by West European steamship companies.

4. PLO has been improving its liner network by introducing new ships and opening new services. In mid-1971 its conventional service to the Far East was supplemented by an express service to Japan employing a new class of high-speed cargo liners. The Poles also made a significant breakthrough during 1971 on their North American service by opening a new line to the potentially lucrative Great Lakes ports, both US and Canadian. Efforts through 1975 apparently are geared to improving existing services rather than adding new lines. During the period of the Polish Five-Year Plan (1971-75), PLO will add 327,000 DWT of shipping to its fleet, some 30% more than in the previous five years. This expansion should enable PLO to maintain its position as a top liner company. Although the addition of new, fast container ships will facilitate the carriage of container cargo, PLO, as is the case for all other Communist liner companies, will continue to lag far behind the container carriage of Western shipping companies.

Introduction

5. For more than two decades, Poland's maritime policy has focused on establishing a strong position in the international seaborne cargo liner trade. In 1951, Poland's liner trade consisted of 1.5 million metric tons of cargo carried on 48 ships (220,000 DWT) operating on 10 routes. By the end of the decade, however, carriage was up to 2.5 million tons as the route structure was expanded to 28 lines handled by 90 ships (approximately 500,000 DWT). At that time, Poland for the most part had laid out the projected long-term coverage of its liner trade and during the 1960s emphasized expansion of liner fleet and cargo handling capabilities. During this period, only three new lines were added, yet ships in the trade

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increased to about 140 (800,000 DWT) and carriage to nearly 4.2 million tons. This memorandum examines the activities of PLO, which has functioned as the principal instrument for Polish line trade expansion. The analysis covers PLO's growth, operational activities, route structure, and future plans.

Discussion

Organization and Growth

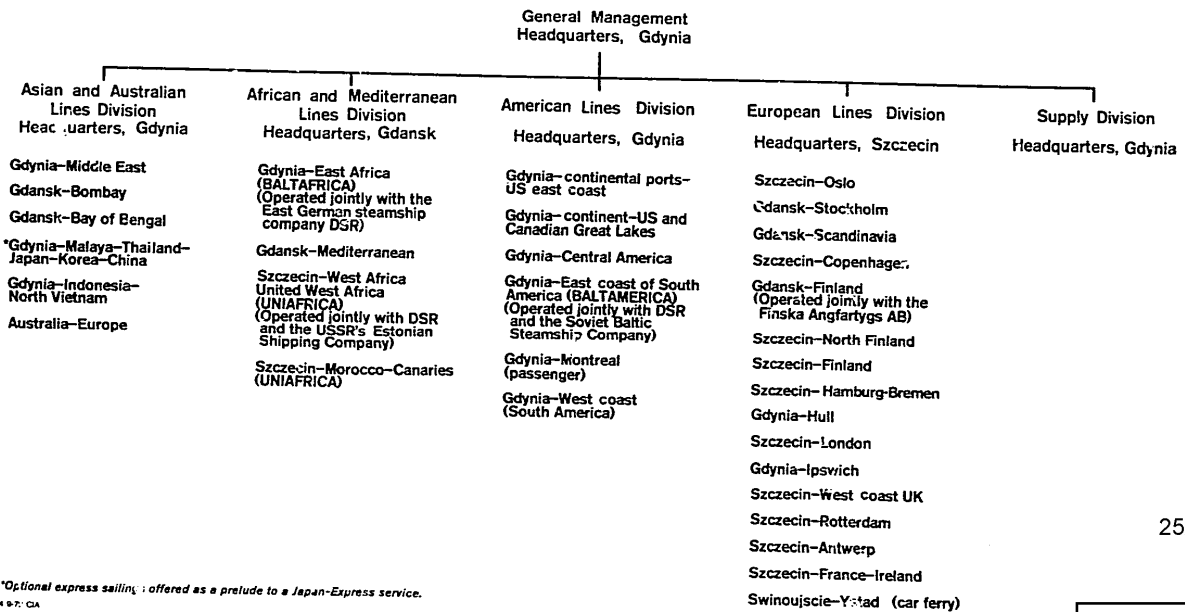
6. In the early 1950s, Poland's merchant fleet was organized under the Ministry of Shipping into two companies: PLO and the Polish Steamship Company (PZM). PLO assumed responsibility for most of the ships in scheduled liner service and PZM for all other vessels, a majority of them in non-scheduled tramp service. As the fleet tonnage of the two companies grew, delineation of responsibilities became murky; PZM operations began to encompass all liner service in Europe and in December 1958 were extended to longer range cargo lines with the opening of scheduled services to West Africa. About the same time, PLO entered into tramp operations using ships withdrawn from liner service. To counter these apparent operational conflicts and for economic efficiency, the Polish merchant fleet was reorganized on 1 January 1970. At that time, PLO took over all liner services and PZM assumed sole control of tramp shipping. PLO was organized into four operating divisions, each responsible for liner services in a specific geographic area (see Figure 1).

7. Under this reorganization, 46 freighters (111,300 DWT) were transferred from PZM to PLO, which in turn shifted five tankers (100,000 DWT) to PZM. These changes, coupled with deliveries of 12 new liners - 70,000 DWT - during 1971, raised the size of PLO's fleet by the end of the year to 157 ships with a tonnage of 904,000 DWT (see Table 1). PLO's inventory in 1971 accounted for 57% of the ships and about 41% of the tonnage in the entire Polish merchant fleet, and tonnagewise, PLO emerged among the top 10 liner companies of all flags, comparing favorably with such shipping giants as the British Peninsular and Oriental Steam Navigation Company and the Japanese Nippon Yusen Kaisha.

8. After the reorganization, PLO restructured Poland's liner operations, expanding some services and discontinuing others so that by

Organization of Polish Ocean Lines (PLO)

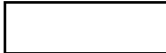
30 June 1972



*Optional express sailing: offered as a prelude to a Japan-Express service.

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Table I

Polish Merchant Fleet, by Steamship Company

As of 31 December	Polish Ocean Lines		Polish Steamship Company		Total ^a	
	Number of Ships	Thousand DWT	Number of Ships	Thousand DWT	Number of Ships	Thousand DWT
1965	80	655	100	451	180	1,106
1966	83	673	112	591	195	1,264
1967	89	721	123	725	212	1,446
1968	94	774	128	786	222	1,560
1969	100	810	135	870	235	1,680
1970	145	834	102	961	247	1,795
1971	157	904	108	1,138	265	2,042

a. Excludes Polish-flag ships assigned to the Chinese-Polish Shipbrokers Company, Ltd. (CHIPOLBROK), which are nominally subordinate to PLO but under indefinite time charter to CHIPOLBROK, because they do not participate in PLO's operations in Polish seaborne trade. CHIPOLBROK is a joint stock company formed in 1950 by PLO and the China Ocean Shipping Company (COSCO). CHIPOLBROK was established both to circumvent restrictions on the sale of merchant ships to the People's Republic of China and to counter possible Nationalist China's seizure of PRC-flag vessels navigating in the vicinity of Taiwan.

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mid-1972 it was operating 32 lines (see the tabulation). Of these, 23 function under PLO exclusively and the rest operate jointly with other Communist and non-Communist steamship companies. Although PLO's

As of 31 December	PLO Lines	PZM Lines	Total
1967	17	16	33
1968	14	17	31
1969	14	17	31
1970	30	0	30
1971	31	0	31
1972 (30 June)	32	0	32

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European Lines Division manages 50% of the liner services (see the tabulation), nearly half of its fleet tonnage and the largest and fastest ships are in the Asian and Australian Lines Division, reflecting its long-distance operations.

	Capacity		Vessels		Average Capacity (Thousand DWT)	Number of Lines
	Thousand DWT	Percent	Number	Percent		
	Total PLO (as of 31 December 1971)	904	100	157		
Asian and Australian Lines Division	436	48	44	28	9.9	6
African and Mediterranean Lines Division	224	25	45	29	5.0	4
American Lines Division	190	21	26	16	7.3	6
European Lines Division	54	6	42	27	1.3	16

9. In 1971 the Polish merchant fleet carried 18.4 million tons of foreign trade cargo (see Table 2), earning about 300 million to 350 million

Table 2

Tonnage Carried by the Polish Merchant Fleet

Year	Thousand Metric Tons								
	Polish Ocean Lines			Polish Steamship Company			Total		
	Liner	Tramp	Total	Liner	Tramp	Total	Liner	Tramp	Total
1966	2,250	972	3,222	1,364	7,566	8,930	3,614	8,538	12,152
1967	2,411	616	3,027	1,435	8,590	10,025	3,846	9,206	13,052
1968	2,614	709	3,323	1,460	10,032	11,492	4,074	10,741	14,815
1969	2,767	1,101	3,868	1,432	11,109	12,541	4,199	12,210	16,409
1970	4,044	452	4,496	149	12,776	12,925	4,193	13,228	17,421
1971	4,430	300	4,730	0	13,628	13,628	4,430	13,928	18,358

foreign exchange zloties (\$80 million to \$95 million). Of this total, PLO earned more than 75%, although its operations accounted for only about 25% of total carriage. This results from freight rates for liner cargoes (which include machinery, equipment, and other general cargoes) that were

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normally four to five times greater than those for tramp cargoes such as grain, coal, and other bulk commodities. PLO's earnings were derived from the carriage of about 2.5 million tons of Polish exports and nearly 2.2 million tons of goods for foreign shippers, including interport cargoes in Western Europe's trade with third countries and cargoes for East European countries transiting Polish ports. On 17 of the 32 lines, most of them to Baltic and Atlantic ports in Europe, trade is limited almost exclusively to goods that move through Polish ports. The remaining 15 cargo lines also carry significant tonnage in trade between Western Europe and other continents. Unlike the USSR, however, Poland apparently operates no lines where the chief or sole object is to earn foreign exchange by carrying goods in other countries' trade. For example, Soviet ships run between Western Europe and Canada, carrying non-Soviet goods, to earn hard currency for the transport service.

Liner Routes - Increasing Services

Asian and Australian Division

Far East Services



10. Far East services have changed considerably since their start in mid-1950. At first, only slow ships that had been built before and during World War II were used on a run from Poland to China with intermediate calls at Middle Eastern, Indian, and Pakistani ports. In 1957, ships of the new 16-knot *Marceli Nowotko* type were introduced and the service was divided into two separate lines - one to India and the other to the Far East. With this split, the Far East service became more timely, offering twice monthly round-trip voyages from Polish and West European ports to Malaya, Singapore, Indonesia, North Vietnam, China, and Japan and monthly round-trip voyages to North Korea and Australia. Additional changes took place in the 1960s, and early in 1970 three separate Far East lines were established: a round-trip eastbound line from Gdynia and Western Europe to Malaya, Thailand, Japan, North Korea, and China; a one-way eastbound line from Gdynia to Indonesia and North Vietnam; and a one-way westbound line from Australia to Europe, using ships returning from voyages to Indonesia and North Vietnam. Details on these and other liner routes, including cargo information, are given in the Appendix. The map, Figure 2, depicts PLO's route structure.

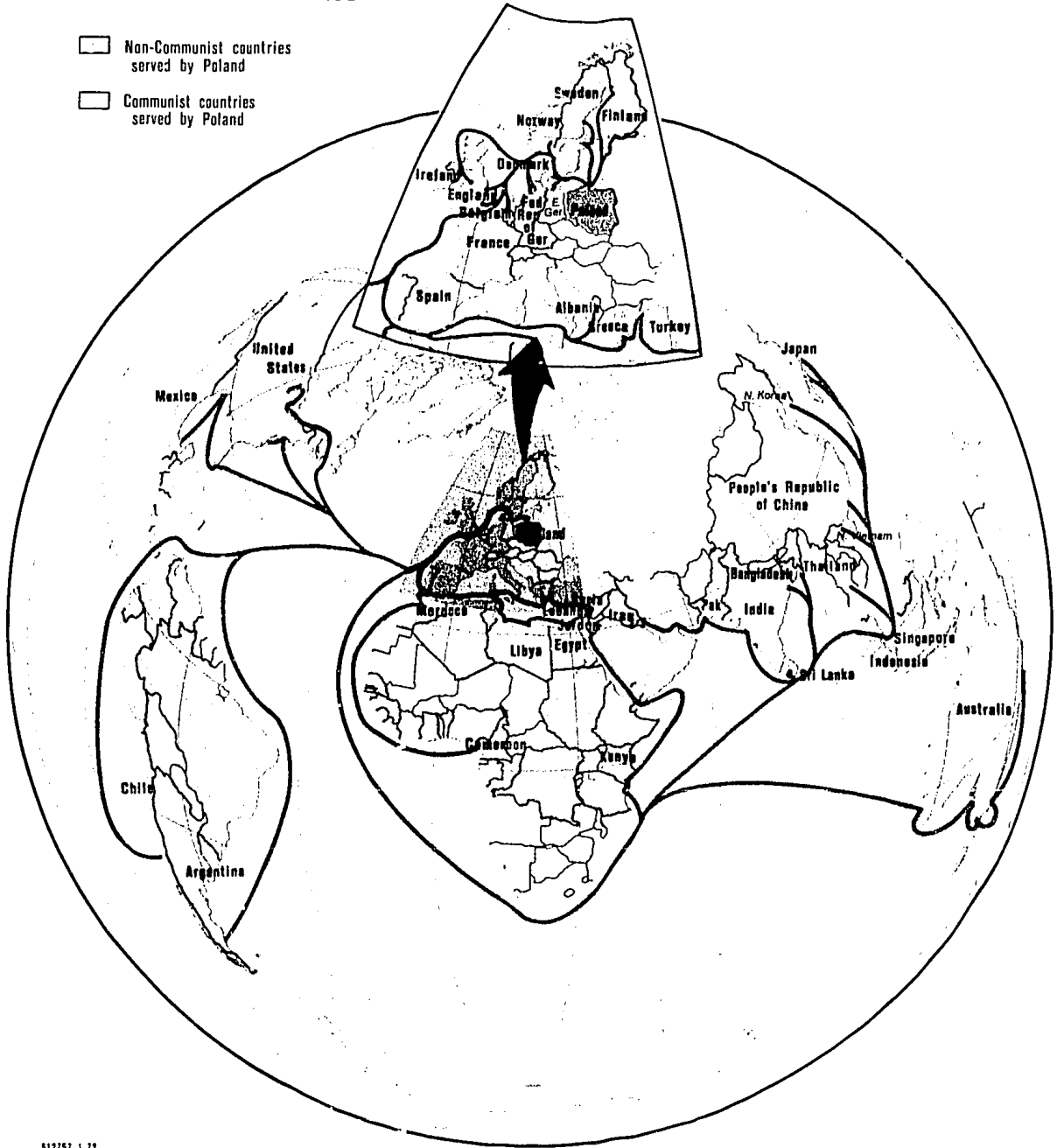
11. PLO's China service is confined to the port of Shanghai, where ships call with pork and general cargo from Europe and apatite and metal ores from North Korea. Some additional service to China and North Korea comes from the unscheduled operations of CHIPOLBROK. By December 1971 the CHIPOLBROK fleet included 11 Polish and four PRC

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Polish Ocean Liner Routes

-  Non-Communist countries served by Poland
-  Communist countries served by Poland



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vessels that moved from ports in Europe (Gdynia and Rijeka) to Haiphong, North and South China ports, and Chongjin and Nampo in North Korea.⁽³⁾

12. With the mining of Haiphong harbor during May 1972, PLO's carriage to North Vietnam was suspended. Since 1964, PLO ships have delivered more than 323,000 tons of cargo to North Vietnam. Deliveries surged in 1968, when more than 56,000 tons were brought in, and since then annual offloadings have been in the range of 60,000 tons.

13. Starting in June 1971, PLO supplemented its conventional service to Japan with optional express sailings. The conventional service offers twice-monthly sailings on 15 Peking-class 10,000-DWT ships with 16-knot speeds; the express service uses five new 14,170-DWT Hel-class ships (see Figure 3) with 22.5-knot speeds (the fastest vessels in PLO's fleet) that offer monthly service over a shortened route. Round-trip express voyages from Poland to Japan now take only 120 days, compared with 180 days for conventional service.

14. Until 1963, PLO functioned outside the Far East Freight Conference (FEFC). At that time, agreement was reached with FEFC and affiliated conferences in the trade, giving PLO a "tolerated outsider" status on eastbound routes and "associate membership" status on westbound routes. The agreement permitted PLO to operate 24 round trips annually on the Europe-Far East run.

15. The expansion of PLO's Far East line, notably the addition of express voyages to Japan, led in 1971 to the revision of conference arrangements. On 1 July of that year, PLO became a full member in the westbound FEFC, its eastbound counterpart (FEFC Outward Continental), and the affiliated conferences (Europe/Japan, Japan/Europe, Far East/Gulf of Aden and Red Sea, and Japan/Gulf of Aden and Red Sea). This enabled PLO to increase annual round-trip sailings to 26 and to haul more tonnage on the route.

3. Poland also formed a joint stock company with North Korea, the Korean-Polish Shipbrokers Company (CHOPOLSHIP). Organized in 1966 to train North Korean crews and to establish North Korea as an international carrier, CHOPOLSHIP started by operating three time-chartered Polish ships in North Korea's trade with other Asian countries and Australia. By 1969, operations were reduced to a single ship, Mickiewicz, The ship still flies the Polish flag and moves regularly from North Korea to North Vietnam, Hong Kong, and Japan.

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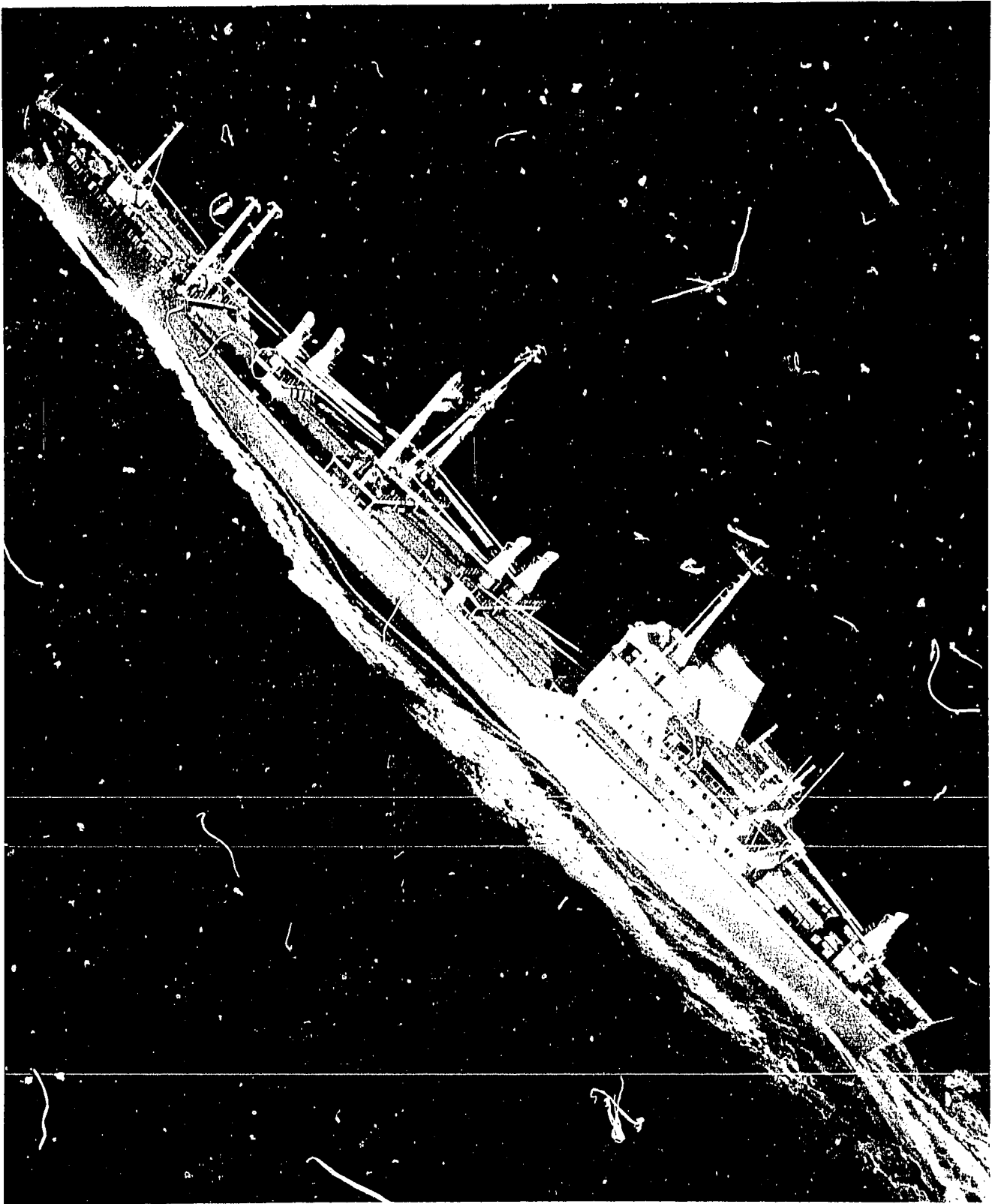


Figure 3. *Hel-Class Jastarnia Bor*, 14,150 DWT, one of five high-speed cargo liners used on PLO's Express Service to Japan.

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India-Pakistan

16. Poland's Indian service, started in 1949, was the first regular Communist liner service to South Asia. From 1950 to 1957 it was handled by liners on the Far East run. A major change occurred in 1958, when shipping conferences regulating Indian-European trade agreed to allot specific cargo tonnages to the independent PLO liners on round trips between South Asian ports and Western Europe. This agreement made the route more economically attractive to PLO and led to the formation of a joint Indian-Polish liner service (INDOPOL) in 1960. Operated by PLO and three Indian firms (Shipping Corporation of India, India Steamship Company, and Scindia Shipping Company), the INDOPOL arrangement is unique, as it is Poland's only joint liner service based both on 50-50 revenue sharing and on the exclusion of third flag ships from Polish-Indian trade. Conference lines on the Western Europe-South Asia route accepted this discriminatory arrangement because they had no scheduled calls at Polish ports. Over time these provisions have made INDOPOL the most profitable of all PLO's liner services. In 1964 the INDOPOL service was divided -- the Bombay line to the west coast of India and the Bay of Bengal line to the east coast. Both routes were served by two monthly sailings, one each by Polish and Indian ships.

Middle East

17. Service to the Middle East opened in 1960 as PLO used chartered foreign ships on a run between Europe and Red Sea and Persian Gulf ports, principally Aqaba, Jeddah, Basra, Kuwait, and Khorramshahr. By 1963, chartered vessels were phased out and five PLO ships handled the service. In the wake of the closure of the Suez Canal in 1967, the Middle East route was reorganized. Calls to Red Sea ports were transferred to the East African service and a revised Middle East line handled Persian Gulf ports, offering one monthly round-trip sailing from Gdynia to the Trucial States, Dammam, Kuwait, Basra, and Khorramshahr. Under an agreement with the Associated Continental Persian Gulf Line Conference, PLO is guaranteed 12 European departures annually and is given cargo allotments from continental ports.

Australia

18. PLO ships began calling at Australia in 1957 as part of Poland's extended Far East service. In 1958 a separate Gdynia-Indonesia-North Vietnam-Australia line was formed as ships transited Australian ports on their return voyages to Europe. As Polish-Australian trade grew, the westbound portion of this service became a separate line in 1970, and in October 1971 was converted to a round-trip service that linked Gdynia with major Australian ports.

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African and Mediterranean Lines Division

Mediterranean

19. Liner service to the Mediterranean resumed almost immediately after World War II, as a line between Polish, Mediterranean, and Black Sea ports was established. In 1959 the line was divided into the Gdansk-Mediterranean and the Gdansk-Black Sea lines and in 1962 a separate western Mediterranean service (the Gdansk-Western Mediterranean Line) was formed. In 1968, all three lines were integrated into one service that now runs 21 ships operating outside the various freight conferences on the routes. Shipments to North Africa take up a large portion of available cargo space.

West Africa

20. PZM opened Poland's first liner operation to West Africa in 1958. In 1961 this line merged with its East German counterpart DSR line to form UNIAFRICA, the first joint Communist-flag liner service. Following PZM's lead, UNIAFRICA continued to function outside the European-West African Lines Conference (WALCON), undercutting conference rates to attract traffic. In 1963 the service was split into northern and southern variants, with the former covering ports in Morocco, Senegal, and Guinea, and the latter ports in Sierra Leone and Zaire. In 1970, PLO replaced PZM in UNIAFRICA and the line operated 26 ships (15 Polish and 11 East German) that offered three to four monthly round-trip sailings on four separate routes while extending its service to Liberia, Ivory Coast, Ghana, Togo, Nigeria, and Cameroon. During February 1972 the USSR's Estonian Steamship Company joined UNIAFRICA. The service was then split into two routes, a West African line and a Morocco-Canaries line. UNIAFRICA has a strong foreign exchange earning record, as 50% to 60% of its cargoes are non-Polish.

East Africa

21. PLO's East African service has been in operation since 1962. In 1967 it merged with the DSR line on the route to form another joint Communist-flag service, BALTAFRICA. Functioning outside existing shipping conferences, BALTAFRICA with 19 ships (nine Polish and 10 East German) offers three monthly sailings between Europe and the East African ports of Mombasa (Kenya) and Dar es Salaam (Tanzania).

22. The 15%-25% differential between its non-conference rates and those of the East African-United Kingdom Homeward Conference permitted BALTAFRICA to capture most of East Africa's coffee shipments to the

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United Kingdom for 1969-73, dealing a heavy financial setback to the West European steamship companies in the conferences. In 1969, BALTAFRICA underbid the conference lines and won a one-year contract with the Lyons, Maxwell House, and Nestle companies to carry 50,000 tons of coffee to the United Kingdom. On this contract alone the conference lines lost about \$1.8 million worth of business. They incurred a more substantial loss in 1970 when bids on another contract were solicited. On this occasion the conference lines offered to haul coffee under a two-year contract at \$25.20 per ton for the first year and \$26.40 per ton for the second year. BALTAFRICA offered and won a three-year contract effective through March 1973 at \$25.20 per ton for the first two years and \$26.40 per ton for the third year. Over the three-year period of this contract, BALTAFRICA will carry 150,000-180,000 tons of coffee and earn about \$4.6 million in revenues.

23. Taking advantage of its full membership in the Sudan-United Kingdom Conference since 1965 and the Continental Red Sea Conference since 1970, PLO uses some of its BALTAFRICA ships on a conference line linking Europe with a number of Red Sea ports. Consequently, on some voyages from Europe to East Africa and the Red Sea, BALTAFRICA ships carry cargoes both at conference rates and at significantly lower non-conference rates.

American Lines Division

North America

24. PLO's first postwar cargo line to North America opened in April 1958 to haul agricultural commodities under US aid legislation. This line handled both US east coast and US and Mexican Gulf ports until 1963 when a separate Gulf port service was established and the east coast line was set up as a weekly service. Both lines have always functioned outside the conference system.

25. PLO service to North America took a major turn in March 1971 at which time a new line was opened to serve US and Canadian Great Lakes ports. As such, Poland had access to US Great Lakes ports for the first time in 20 years, culminating longstanding plans to round out services to eastern North America. In establishing this new US service, Poland met criteria contained in a major relaxation in US port security regulations (15 January 1971) that opened additional ports to Communist ships.⁽⁴⁾

4. In servicing US ports, Polish cargo liners must operate within the framework of US port security regulations which, when introduced in 1950 at the time of the Korean War, applied only to Soviet and East European ships. Originally, calls were limited to 12 ports and required 30 days advance notice. Subsequently, the regulations were modified and currently Polish ships can call at most US ports after two weeks advance notice.

26. During the first nine months of operation the new Great Lakes service handled about 70,000 tons of cargo. This performance is expected to improve significantly in the years ahead. PLO uses six ships of the new ice-reinforced **Zakopane** class for calls at Canadian and US ports. Calls are most frequent during April-December, when both the St. Lawrence River and the Seaway are open.

27. PLO also operates a passenger line from Europe to North America which, since its inception, has served Montreal. The **Stefan Batory**, which was built in 1952 as the **Maasdam** for the Holland America Line, was refitted to meet US safety requirements for passenger vessels and in 1970 added New York as a second North American port of call. This line operates within the conference system as PLO is a member of two North Atlantic passenger conferences.

South America

28. Using 13 ships, PLO participates in the Polish-Soviet-East German joint line, **BALTAMERICA**, to the east coast of South America and operates a unilateral line to the west coast. PLO inaugurated its east coast service in 1957. The service became a joint line in 1968 when the Soviet Baltic Steamship Company contributed equal tonnage to form **BALTAMERICA**. Under this arrangement, **BALTAMERICA** offered four monthly sailings from Baltic and West European ports. The next year the East Germans joined the line and, with their additional tonnage, monthly sailings were increased to six.

29. **BALTAMERICA** has been a highly successful operation meeting competition from Western liner companies on this route, both by charging lower rates (called "political or non-compensatory" by West European competition) and by catering to the region's sensitivities on flag discrimination. Argentina, Brazil, and other South American countries have long sought to reserve a specified percentage of their seaborne trade for ships of countries participating in the trade. For their part, the major West European countries have consistently opposed such preferential measures. Early in 1970 the Western conference lines threatened a rate war in the trade of Europe and the east coast of South America, after rejecting an Argentine initiative that reserved 50% of all cargo moving between Argentina and Europe for Argentine-flag ships. However, when **BALTAMERICA** joined the new Argentina-Europe and the Europe-Argentina Freight Conferences that were set up in June 1970 under Argentine sponsorship, the West European conference lines soon relented and also joined. **BALTAMERICA** also entered the newly formed Brazil-Europe-Brazil Conference in October 1970 after Brazilian legislation imposed cargo quotas on foreign ships in Brazil's seaborne trade. Inasmuch as these new conferences severely

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restrict participation by ships of countries that have little or no cargo of their own moving in the trade, BALTAMERICA has prospered not only by maintaining its major role in moving cargoes from Communist Baltic ports to Argentina and Brazil but also by picking up modest quotas for handling Argentine and Brazilian cargoes to Europe. Moreover, the higher rate structures of both conferences have served to increase BALTAMERICA's earnings.

30. Service to the west coast of South America was started at the end of 1966. Faced with a variety of problems -- small volumes of cargo, a heavy imbalance between imports and exports, and strong conference opposition -- PLO achieved some success as it again used low freight rates, both to stimulate trade with the area and to obtain cross trade cargoes for its ships. The existing conferences on this route, the European-South Pacific and Magellan Conference (ESPM) and the Association of West India Trans-Atlantic Steamship Lines (WITASS), reacted by threatening shippers with the loss of deferred rebates if Polish ships were used. The threats, however, had little impact, as PLO was able to sustain its position on the basis of its own trade with the area that approximated 200,000 tons in 1968. PLO eventually joined ESPM early in 1969 as an affiliate member and WITASS in August 1970 as an associate member, thus obtaining easier access to cargoes at Venezuelan and Colombian ports and greater freedom for future activity in the entire Central American area.

European Lines Division

Scandinavia

31. The Poland-Scandinavia lines are highly profitable, with the volume of cargoes moving on Polish liners reaching about 500,000 tons in 1970. The trade is served by seven cargo lines: Gdansk-Scandinavia (to Sweden's west coast), Gdansk-Finland, Gdansk-Stockholm, Szczecin-Copenhagen, Szczecin-Oslo, Szczecin-Finland, Szczecin-North Finland, and a car, cargo, and passenger ferry between Swinoujscie and the Swedish port of Ystad.

32. In serving Sweden, the Gdansk-Scandinavia line uses two 900-DWT ships for weekly calls at Malmoe and Gothenburg; the Gdansk-Stockholm line operates two 1,500-DWT ships for weekly service to Stockholm and less frequent calls at smaller ports on the east coast of Sweden. The Norwegian and Danish services use a number of small ships for weekly calls at Oslo and Copenhagen and at other Norwegian and Danish ports if there is sufficient cargo. The Finnish service includes weekly calls at Turku and Helsinki, a joint service with Finska Angfartygs AB offering weekly calls at Helsinki and Kotka/Hamina, and a line to North Finland which operates,

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depending on ice conditions, from June to November with twice monthly sailings to Oulu and Kemi.

United Kingdom

33. PLO operates four lines to the United Kingdom. Two of these, Gdynia-Hull and Gdynia-Ipswich, are operated jointly on a biweekly basis with the British United Baltic Corporation, Ltd. (UBC). During 1969, PLO and UBC experimented with container carriage by transporting about 2,800 tons of cargo, mostly meat from Poland. The operation was subsequently continued and now handles a wide range of general cargoes. Before realigning its route structure after the 1970 reorganization, PLO's unilateral lines to the UK served the routes Szczecin-Liverpool and Szczecin-London. In the realignment, PLO switched the port of call on the line between Szczecin and the west coast of the United Kingdom from Liverpool to Manchester, claiming that the cost of handling small vessels at Liverpool was out of line with their earning capacity.

European Continent

34. PLO took over PZM operations to European Atlantic continental ports during 1970. They include a weekly Szczecin-Hamburg-Bremen service, a Szczecin-France-Ireland service offering calls at Rouen and Dublin every 10 days, and weekly Szczecin-Antwerp and Szczecin-Rotterdam services.

Prospects

35. Poland's Five-Year Plan (1971-75) calls for expansion of the merchant fleet to 3.5 million DWT so that it can carry nearly 60% of Poland's seaborne trade. Although planned additions to the fleet will concentrate on bulk carriers for PZM (58 ships, 1.5 million DWT), 44 vessels (327,000 DWT) are earmarked for PLO, compared with 249,000 DWT added in the previous five years. The major thrust of PLO operations will be to improve and modernize existing services, as there are no plans to open new liner routes. The Indian service, for example, will get 12 ships (110,000 DWT); the East African service four ships (40,000 DWT); the Mediterranean service five ships (30,000 DWT); and the European service eight ships (16,000 DWT). Additions to the PLO fleet will include express liners, roll-on-roll-off vessels, and container ships.

36. The purchase of container ships will give new momentum to Poland's containerization program and improve its competitive position on the North Atlantic route. For some time, PLO has used a small number of part container ships, including those in the new Zakopane class, on the US-Canadian Great Lakes service to carry seventy 20-foot containers. By

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1975, however, full container ships (13,000 DWT) that can handle 200 to 300 containers will be introduced on this run. At the same time, more part container ships will be purchased and some conventional vessels will be modified for the container trade. Poland also intends to modernize its container facility at Gdynia (see Figure 4) and complete a ferry-container terminal at Swinoujscie, which is already under construction. With these efforts, Poland expects to handle some 400,000 tons of seaborne containerized cargo by 1975. Assuming PLO reaches this goal, the figure would still be well below 10% of its total liner carriage and would pale in comparison with carriage by countries in the industrialized West both in absolute and percentage terms. For example, in 1970, US-flag ships alone hauled 4.7 million tons of containerized cargo, or about 41% of total liner carriage (11.5 million tons).

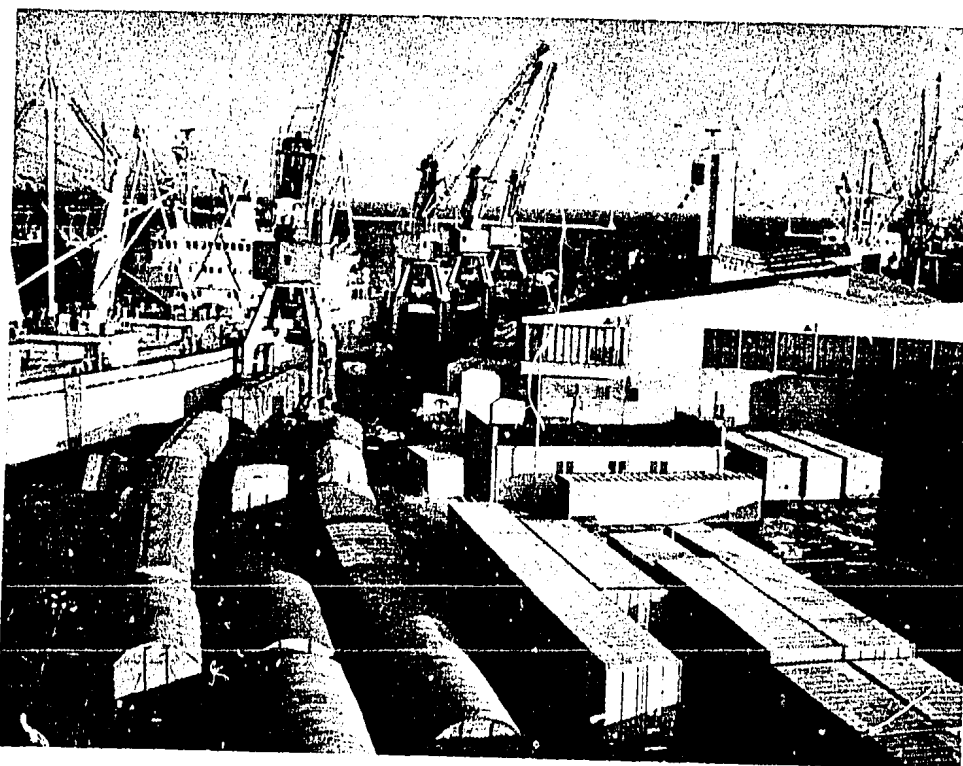


Figure 4. Container Terminal at the Port of Gdynia

37. If it so desires, PLO should have little difficulty in entering shipping conferences on routes where it still operates as an independent. In the Mediterranean area, the new Continent-Near East-Continent Conference probably will offer little resistance. The same holds true for East Africa, where BALTAFRICA's coffee coup has broken the East African Conference's resistance to PLO's entry. UNIAFRICA's negotiations with the appropriate West African conferences (ongoing since 1970) may produce a cooperative agreement in the near term. Finally, the opening of PLO's new direct service to Australia will give PLO additional leverage for conference membership in that trade. With respect to the US trade, PLO may not seek conference membership, because the conferences on these

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routes do not penalize shippers for occasional use of non-conference ships. Under these circumstances PLO may opt to function as an outsider in hopes that its lower freight rates would stimulate US-Polish trade and the use of Polish ships.

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APPENDIX

Liner Services of the Polish Ocean Lines
August 1972

Line	Route ^{a/}	Number of Sailings	Main Cargoes	Remarks
Asian and Australian Lines Division				
Gdynia-Malaya-Thailand-Japan-Korea-China	Gdynia-Hamburg-Rotterdam-Antwerp-Lisbon-Penang-Port Swettenham-Singapore-Bangkok-Hong Kong-Yokohama-Nagoya-Kobe-Chongjin (monthly)-Shanghai-Bangkok-Singapore-Port Swettenham-Penang-Rotterdam-Hamburg-Gdynia	Twice monthly	General cargoes including those in cross trades.	Uses 15 Pekin-class ships with 16-knot speed and 10,000-DWT capacity. Initiated in mid-1950. Became full member of Far East Freight Conference on 1 July 1971.
Gdynia-Japan Express	Gdynia-Antwerp-Rotterdam-Hamburg-Singapore-Hong Kong-Kobe-Yokohama-Nagoya-Kobe-Hong Kong-Singapore-Hamburg-Rotterdam-Antwerp-Gdynia	Once monthly	General cargoes	Uses five Hel-class ships with 22.5-knot speed and 14,000-DWT capacity. Option to conventional service. Round-trip voyages from Poland to Japan reduced to 120 days, compared with 180 days required by older liners.
Gdynia-Indonesia-North Vietnam	Gdynia-Djakarta-Surabaya-Haiphong-Indonesia-Gdynia (West European ports both inward and outward)	Once monthly	Outbound - trucks, metals and metal products, machinery and equipment Inbound - rubber, coal	Since 1965, PLO's liners have delivered more than 323,000 tons of cargo. There was a surge in 1968, when cargo nearly doubled that in 1967 and since 1969 deliveries have hovered in the 60,000-ton range.
Gdynia-Australia-Europe	Gdynia-Hamburg-Bremen-Fremantle-Adelaide-Melbourne-Sydney-Brisbane-Newcastle-Burnie-Capetown-London-Antwerp-Gdynia	Once monthly	Outbound - textiles, glass, corn, and pharmaceuticals Inbound - Australian wool, zircon, and rutile	Operated as westbound leg of Gdynia-North Vietnam service until October 1971 when direct, round-trip service to Australia opened.
Gdansk-Bombay	Gdansk-Hamburg-Antwerp-Karachi-Bombay-Saurashtra-Malabar coast-Antwerp-Hamburg-Gdansk	Once monthly	Outbound - steel, machinery and equipment, chemicals, paper, fertilizer, and potatoes Inbound - oilcake, jute, rubber, cotton, tea, and spices	Part of joint Indian-Polish liner service (INDOPOL) formed in 1960. Based on 50-50 revenue sharing and on exclusion of third flag ships.

Line	Route ^{a/}	Number of Sailings	Main Cargoes	Remarks
Asian and Australian Lines Division (Continued)				
Gdansk-Bay of Bengal	Gdansk-Hamburg-Antwerp Colombo-Madras-Visakhapatnam- Rangoon-Calcutta-Saurashtra ports-Antwerp-Hamburg- Szczecin-Gdansk	Once monthly	Same as Gdansk- Bombay line	Service of INDOPOL.
Middle East	Gdynia-Hamburg-Antwerp-Leixoes- Trucial States-Dammam-Kuwait- Basra-Khorramshahr-Antwerp- Hamburg-Gdynia	Once monthly	General cargoes	Initiated in 1960. Uses five ships with 10,000-DWT capacity. Reorgan- ized after closure of Suez Canal in 1967 with responsibility for Red Sea ports transferred to East Afri- can service.
African and Mediterranean Lines Division				
East Africa (BALTAFRICA)	Gdynia-Hamburg-Antwerp- Mombasa-Dar es Salaam-Aden- Assab-Jeddah-Aqaba-Port Sudan- United Kingdom-continental ports-Gdynia	Thrice monthly	Outbound - machinery and equipment Inbound - sisal, coffee, cotton, and oil cake	Initiated in 1962 and merged with the East German DSR company's line in 1967 to form BALTAFRICA. Uses 16 ships (six Polish and 10 East German). Polish ships call at Red Sea ports as full members of the Sudan-United Kingdom Conference and of the Continental Red Sea Confer- ence.
West Africa (UNIAFRICA)	Szczecin-Hamburg-Rotterdam- Antwerp-Las Palmas-St. Cruz- Dakar-Bathurst-Freetown- Monrovia-Abidjan-Takoradi- Tema-Douala-Canaries- Casablanca-continent-Szczecin Szczecin-continent-Canaries- Tema-Lagos-Port Harcourt- Gabon-Dakar-Canaries- Casablanca-continent-Szczecin	Two to three per month de- pending on route	Outbound - textiles, machinery, steel, and canned food Inbound - timber, coffee, cocoa beans, and edible oils	Initiated in 1958 and merged with the East German DSR company's line in 1961 to form UNIAFRICA. After the 1970 reorganization of the Polish fleet, PLO replaced PZM in UNI- AFRICA. Used 26 ships (15 Polish and 11 East German). During 1970, Polish ships in this service trans- ported over 400,000 tons of cargo. In February 1971, the USSR's Estonian Shipping Company joined UNIAFRICA causing the service to be split into two lines.
Morocco-Canary Islands (UNIAFRICA)	Szczecin-Hamburg-Antwerp-Las Palmas-Santa Cruz-Casablanca- Bilbao-Antwerp-Hamburg- Szczecin	Twice monthly		

Line	Route ^{a/}	Number of Sailings	Main Cargoes	Remarks
African and Mediterranean Lines Division (Continued)				
Gdansk-Mediterranean	Gdansk-Antwerp-Dunkirk-Piraeus-Beirut-Latakia-Gdansk ^{b/}	Twice monthly	Outbound - iron, machinery, chemicals, glass, textiles, and potatoes	Resumed after World War II. In 1968 the three lines that were serving the Mediterranean basin were integrated into one service. Uses 18 ships.
	Gdansk-Hamburg-Antwerp-Algerian, Tunisian, and Libyan ports-Gdansk	Twice monthly	Inbound - oilcakes, cotton, rice, tobacco, vegetable fiber, citrus fruits, and dried fruit	
	Gdansk-Beirut-Latakia-Gdansk	Twice monthly		
	Gdansk-Alexandria (direct or via Tripoli)-Gdansk	Once to twice monthly		
	Gdansk-Piraeus-Istanbul-Gdansk	Once monthly		
	Gdansk-Durres-Gdansk	Every six weeks		
Gdansk-Bilbao-Barcelona-Casablanca-Gdansk	Once or twice monthly			
American Lines Division				
Gdynia-continental ports-US east coast ports	Gdynia-Bremen-Antwerp-Le Harve (biweekly)-New York-Philadelphia-Baltimore-Norfolk-Boston-Wilmington-Le Harve-Copenhagen-Rotterdam-Antwerp-Bremen-Hamburg-Gdynia	Weekly	General cargoes	Initiated in 1958 to haul US aid material. Called at US and Mexican Gulf ports until 1963 when a separate Gulf port service was established.
Gdynia-continental ports-US and Canadian Great Lakes ports	Gdynia-Antwerp-Bremen-Hamburg-Montreal-Toronto-Hamilton-Chicago-Milwaukee-Detroit-Cleveland-Sarnia-Montreal-Rotterdam-Antwerp-Hamburg-Gdynia	Once monthly	Outbound - steel and steel products, pork, fruits, beer, and West European machines, chemicals, cars, and glass Inbound - cotton, timber, chemicals, fruits, and grain	Opened in March 1971 after 20-year hiatus. Uses six ice-reinforced <u>Zakopane</u> -class ships.

Line	Route ^{a/}	Number of Sailings	Main Cargoes	Remarks
American Lines Division (Continued)				
Central America	Gdynia-Hamburg-Leixoes-Miami-Houston-New Orleans-Galveston-Vera Cruz-Tampico-Rotterdam-Hamburg-Gdynia	Once monthly	General cargoes	Uses vessels of 6,000-DWT capacity.
Gdynia-Montreal (passenger)	Gdynia-Copenhagen-Cuxhaven-Rotterdam-London-New York-Montreal-New York-Southampton-Rotterdam-Cuxhaven-Copenhagen-Gdynia	Varies	Passengers	<u>Stefan Batory</u> refitted to meet US safety requirements for passenger vessels. Operates within conference system.
Gdynia-west coast of South America	Gdynia-Hamburg-Antwerp-Lisbon-La Guaira-Marcaibo-Santa Marta-Barranquilla-Buenaventura-Manta-Guayaquil-Callao-Arica-Antofagasta-Valparaiso-Antwerp-Hamburg-Gdynia	Twice monthly	Outbound - sugar, steel, tools, medical instruments, chemicals, and automobiles Inbound - Peruvian fishmeal, Colombian coffee, metal concentrates, and fruit	Opened in 1966 with four vessels. PLO joined the European-South Pacific and Magellan Conference in 1969 as an affiliate member and the Association of West India Trans-Atlantic Steamship Lines in 1970 as an associate member.
Gdynia-east coast of South America (BALTAMERICA)	Gdynia-Hamburg-Rotterdam-Antwerp-Recife-Rio de Janeiro-Santos-Montevideo-Buenos Aires-Ilheus-Sa'vador-Rotterdam-Hamburg-Gdynia	Six monthly	Outbound - iron and steel products, chemicals, and potatoes Inbound - coffee, hides, and fruit	Operated jointly with the Soviet Baltic Steamship Company and the East German DSR. PLO operates seven vessels of 8,500-DWT capacity on this run. Has met competition from Western liner companies by charging lower freight rates and by catering to the region's sensitivities on flag discrimination.
European Lines Division				
Swinoujscie-Ystad ferry service	Swinoujscie-Ystad	Daily	Agricultural products, metals, automobiles, and trucks (passengers)	Uses the Gryf and the Skandynawia. During July 1971, the old Swedish ferry Gustav Vasa was purchased for use on a planned Gdynia-Stockholm connection.
Gdansk-Scandinavia	Gdansk-Malmoe-Gothenburg-Gdansk	Weekly	General cargoes	Uses two 900-DWT ships.
Gdansk-Stockholm	Gdansk-Vaesteraas-Stockholm-Sundsvall-Gdansk	Weekly	General cargoes	Uses two 1,500-DWT ships.
Szczecin-Oslo	Szczecin-Oslo-Szczecin	Weekly	{ Outbound - iron, sugar, food, gypsum, and salt Inbound - cellulose, paper, chemicals, and ore concentrates }	Both use 1,500-DWT ships or smaller.
Szczecin-Copenhagen	Szczecin-Copenhagen-Szczecin	Weekly		

Line	Route ^{a/}	Number of Sailings	Main Cargoes	Remarks
European Lines Division (Continued)				
Szczecin-Finland	Szczecin-Turku-Helsinki-Szczecin	Weekly	Outbound - salt, gypsum, clay, and ironware Inbound - cellulose, paper, and chemicals	Jointly with Finska Angfartygs A/s.
Gdansk-Finland	Gdansk-Helsinki-Kotka/Hamina-Gdansk	Weekly		
Szczecin-North Finland	Szczecin-Oulu-Kemi-Szczecin	Weekly		
Gdynia-Hull	Gdynia-Hull-Gdynia	Biweekly	Outbound - aluminum, knitted wear, zinc, industrial goods, and meats Inbound - copper, machinery and equipment, and various other general cargoes	Jointly with the United Baltic Corporation
Gdynia-Ipswich	Gdynia-Ipswich-Gdynia	Biweekly		
Szczecin-London	Szczecin-London-Szczecin	Weekly		
Szczecin-west coast of the United Kingdom	Szczecin-Manchester-Szczecin	Weekly		
Szczecin-Hamburg-Bremen	Szczecin-Gdynia-Hamburg-Bremen-Szczecin	Weekly	Outbound - vegetables, sugar, and general cargo Inbound - tubes, metal sheets, and cathode copper	Uses two 1,500-DWT ships.
Szczecin-France-Ireland	Szczecin-Rouen-Dublin-Szczecin	Every ten days	Outbound - sheet metal, textiles, linen, hemp, and willow-ware Inbound - oils, artificial leather, hides, and other general cargo	
Szczecin-Antwerp	Szczecin-Antwerp-Szczecin	Weekly	Outbound - zinc, aluminum, linen waste, and metal sheets Inbound - copper, artificial leather, synthetic rubber, oils, hides, and wool	
Szczecin-Rotterdam	Szczecin-Rotterdam-Szczecin	Weekly		

a. PLO schedules vary in flexibility from one area to another. Ships are often substituted for others or simply inserted on the schedule. Dates for port calls are approximate and unlisted calls are made when there is sufficient cargo.
 b. Additional calls at other Mediterranean ports are made if dictated by traffic requirements.

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