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Current Support Brief

NEW RUMANIAN CAPACITY
MAY BE ALLEVIATING THE SOVIET DEFICIT
OF 40-INCH LINE PIPE

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NEW RUMANIAN CAPACITY
MAY BE ALLEVIATING THE SOVIET DEFICIT
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Recent evidence reveals that Rumania is capable of producing and exporting significant quantities of large-diameter pipe to the USSR, which is seeking to overcome a serious shortage of such pipe for oil and gas line programs. New spiral-weld pipe mills, which were among the numerous rolling mills recently supplied to Rumania by West German firms, have the capacity to produce nearly one-third of the estimated 200,000-ton* deficit of 40-inch pipe confronting the USSR in 1963. In partial fulfillment of an agreement to deliver more than 900,000 tons of pipe of all sizes to the USSR during 1961-65, Rumanian exports of pipe rose substantially during 1961 and probably included some of large diameter. The fact that the Rumanian Six Year Plan (1960-65) specifies that the plant now fabricating the welded pipe is to expand output of this product to 130,000 tons annually suggests that large-diameter line pipe may constitute a rising share of future exports.

Although Rumania announced plans to build a new welded-pipe plant by 1965, publicity on the project has been sparse and inconclusive. 1/ Recent evidence, however, confirms that former buildings of a Bucharest construction enterprise have been converted with apparent priority into a modern pipe-welding installation. Officially known as the "Fabrica de Tevi Sudate," the plant has been equipped with at least one and probably two West-German-built spiral-weld mills, each one of which is capable of producing 30,000 tons of 16-inch to 40-inch pipe annually. The first mill was acquired and assembled in 1960, when production of small quantities of pipe was first undertaken. Although the initial output failed to meet line pipe specifications, the problem was eliminated at the beginning of 1961 when the plant began to use West German coiled sheet instead of inferior domestic steel for the production of large-diameter pipe. 2/ A Polish writer, when recently recommending that his

* All tonnages are given in metric tons.

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country expand its capacity to produce large-diameter pipe, noted that a SIEMAG-built spiral-weld mill in Rumania produced 25,000 tons of large-diameter pipe in 1961 and that additional equipment of this type was being installed during 1962. 3/ The statement that a second unit probably was operating in 1962 appears to be substantiated by official Rumanian statistics which show that the national production of pipe and tubing exceeded the maximum combined capacity of all other Rumanian pipe and tube plants by approximately 60,000 tons. 4/

An analysis of available trade information indicates that the USSR is receiving large-diameter pipe from Rumania. Constituting virtually the total Rumanian exports of pipe, deliveries to the USSR of all sizes of pipe increased to 183,000 tons in 1961 compared with 146,000 tons in 1960. 5/ A trade agreement committing Rumania to deliver 755,000 tons of pipe to the USSR during 1962-65 indicates that plans for the period call for substantial annual increases in exports. 6/ The tonnages of large-diameter pipe contained in these exports cannot be determined, but because of Soviet demands for 40-inch pipe -- particularly in view of NATO embargo policies and the absence of any domestic Rumanian requirements for that size -- it would seem reasonable that the USSR would procure the maximum tonnage obtainable from Rumania.

An attempt to expand the capacity of the Rumanian plant to 130,000 tons of 40-inch pipe probably will depend on the procurement of the necessary equipment and perhaps even the coiled sheet from West Germany.

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Analysts:

Coord:

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