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Trends in Soviet Shipping and Seaborne Trade

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Summary

In 1973, after a two-year lull, additions to the Soviet merchant fleet surged to 950,000 deadweight tons (DWT), their highest level since 1966. Fleet capacity rose to 13.5 million DWT. The vessels added to the fleet did little to meet long-standing needs for larger and more technically advanced ships. One-half of the new tonnage consisted of general purpose dry cargo vessels and timber carriers under 17,000 DWT, capable of carrying containers, but poorly suited for moving them efficiently. One-third was made up of dry bulk carriers, a few of them larger than any units previously assigned to the small Soviet bulk fleet. Tankers and containerships each accounted for less than 3% of the DWT delivered. For the first time since 1965, some of the acquisitions were used vessels. Deliveries during the second half of 1974 are likely to include the USSR's first ships larger than 100,000 DWT, but they probably will be chartered to foreign shippers for use outside of Soviet trade. Little progress has been made in programs to deepen Soviet ports to handle these larger vessels.

Failure of the Soviet fleet to carry more than 18% of the 15.6 million tons of US grain imported in 1973 is probably attributable to the preponderance of small general-purpose vessels and timber carriers (as opposed to dry bulk

carriers) in the Soviet dry cargo fleet. The number of cargo lines served by Soviet ships increased from 44 in mid-1973 to 49 in mid-1974. The number of lines offering container service increased to 21,with emphasis on feeder operations linking Soviet Baltic ports with Western Europe as part of the Trans-Siberian landbridge. Seven Soviet cargo lines now serve the US.

Soviet seaborne foreign trade in 1972 topped 139 million tons compared with 128 million tons in 1971. This was the best growth since 1966. It reflects a doubling in volume of import cargoes -- led by grain, crude oil, and superphosphates. Exports, however, decreased for the first time since at least 1959 as trading volumes with important non-Communist trading partners including Italy, Japan, France, the United Kingdom, Egypt, and India fell off. Volume with Cuba, the USSR's leading Communist partner in seaborne trade, rose during 1972.

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Discussion

1. Additions to the Soviet merchant fleet in 1973 exceeded 950,000 deadweight tons (DWT), their highest level since 1966 and almost twice their 1972 tonnage. As seen in Table 1, the fleet included 1,550 vessels of more than 13.5 million DWT at the end of 1973. As such, it accounts for only 3.1% of world tonnage and remains the seventh largest in the world, a position held for ten years (see tabulation below).

	Million Deadweight Tons as of 30 June 1973	Percent of World Total
World Total	420.0	100.0
Liberia	88.7	21.1
Japan	53.8	12.8
United Kingdom	44.6	10.6
Norway	39.1	9.3
Greece	29.8	7.1
United States (Active)*	13.8	3.3
USSR	13.2	3.1
Other	137.0	32.6

2. With scrappings of Liberty ships and other World War II and older ships on the increase and almost two-thirds of its tonnage less than 10 years old, the Soviet fleet is relatively young. Nonetheless, most of its major qualitative limitations -- the small sizes of its largest tankers and dry bulk carriers; its lack of large, fast, full containerships; and the complete absence of roll-on/roll off vessels and LASH

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* Excluding approximately 3.7 million DWT of obsolete government-owned tonnage in the reserve fleet.

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Table 1

Soviet Merchant Fleet Size and Growth

| Year | Inventory as of 31 December | | Net Increase in Tonnage | | Deliveries During Year |
	Number	Million Deadweight Tons	Million Deadweight Tons	Percent	Million Deadweight Tons
1959	590	3.3	0.3	6	0.4
1960	650	3.9	0.6	18	0.6
1961	680	4.2	0.3	8	0.4
1962	740	4.8	0.6	14	0.7
1963	820	5.7	0.9	19	0.9
1964	900	6.9	1.2	21	1.3
1965	990	8.0	1.1	16	1.2
1966	1,070	8.9	0.9	12	1.0
1967	1,150	9.7	0.8	9	0.8
1968	1,230	10.4	0.7	8	0.8
1969	1,320	11.2	0.8	7	0.8
1970	1,400	11.9	0.7	7	0.8
1971	1,470	12.4	0.5	4	0.5
1972	1,500	12.7	0.3	2	0.5
1973	1,550	13.5	0.8	6	1.0

(lighter-aboard-ship) barge carriers persist.

Ship Deliveries

3. An analysis of the composition of ship deliveries during 1973 reveals limited progress in up-grading the fleet (see Table 2). The standdown in tanker acquisitions (evident since 1971) continued as deliveries dropped to three vessels (19,200 DWT), the lowest in 24 years. In the dry cargo sector, emphasis was on general-purpose vessels* (suitable for service as part containerships) and on dry bulk carriers. These types accounted for 54% and 33%, respectively, of delivered tonnage, full containerships less than 3%.

4. Only one new class of full containerships, the Aleksandr' Fadeyev, was introduced in 1973. These 17-knot, 6,356 DWT vessels, currently the largest in the Soviet fleet, carry only 358 containers and are no match for advanced Free World containerships with capacities as high as 3,000 containers and speeds up to 33 knots. Most of the new classes introduced during 1973 were either timber carriers designed to handle lumber in packets of standardized dimensions or general purpose dry cargo ships. All of them fall in the 3,000 to 14,000 DWT range and, with the possible exception of the Igor Grabar' class, are adapted for use as part container ships. Their important characteristics are listed below:

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* Including timber carriers.

Table 2

Deliveries of Dry Cargo Vessels and Tankers to the
Soviet Merchant Fleet

1973

Type	From All Sources			New Ships		Used Ships	
	No.	1,000 DWT	% of DWT	No.	1,000 DWT	No.	1,000 DWT
Total	86	953	100.0	80	693	6	260
Tanker	3	28	2.9	3	28		
OBO 1/	1	61	6.4			1	61
General Purpose and Timber Carrying Dry Cargo 2/	68	517	54.2	68	517		
Dry Bulk Carrier	8	314	32.9	3	115	5	199
Full Containership	4	25	2.6	4	25		
Refrigerator Ship	2	9	.9	2	9		

1/ Combination oil/bulk/ore carrier
2/ Suitable for service as part containerships

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Class	Type	Builder	DWT	Container Capacity	Knots
Geroi Panfilovtsy	General-purpose dry cargo	USSR	13,500	342	17.3
Nikolay Zhukov	General-purpose dry cargo	USSR	6,500	229	16.4
Pioner Moskvy	Packaged timber carrier	USSR	5,300	204	15.4
Rostok	General-purpose dry cargo	East Germany	5,800	125	16.0
Nikolay Novikov	Packaged timber carrier	Poland	14,000	298	15.0
Igor' Grabar'	Packaged timber carrier	Finland	3,300	Unk	14.0

5. The only other new series-produced vessel in 1973 was the 50,000 DWT Zoya Kosmodemyanskaya-class bulk carrier. The addition of this vessel, plus two used bulk carriers of 44,000 DWT, and a used bulk carrier of 72,000 DWT reflect strong efforts to overcome the fleet's lag in this important field. The largest dry bulk carrier in the Soviet fleet at the beginning of 1973 had a capacity of only 32,000 DWT. Some non-Communist dry bulk carriers at that time exceeded 150,000 DWT.

6. The 1973 purchases of used ships were the first by the USSR since 1965. In addition to the three bulkers mentioned above, three large passenger ships, two small bulk carriers of around 20,000 DWT, and a 61,000-DWT combination oil and dry bulk carrier (the first to join the Soviet fleet) also were bought. / With Soviet efforts to deepen existing ports lagging and

the opening of deep water facilities at new ports in the Black
Sea and the Far East still far off, the USSR has been time-
chartering its two largest ships (the combination carrier and
the 72,000 DWT bulk carrier) to foreign shippers for use in the
cross trades.

7.   The used ships added to the fleet in 1973 were acquired
under charter/purchase plans. This approach permits hard
currency payments for the ships to be spread out over longer
periods (up to 20 years) than outright purchase.

8.   Additional progress in the acquisition of larger and
more advanced ships is anticipated in 1974. The lead ships in
as many as five important new classes may be delivered before the
end of the year, including the domestically-built Krym-class
150,000 DWT tankers; the Polish-built 105,000 DWT Marshal Bud-
yennyy-class OBOs; the East German-built 13,300 DWT Mercur-
class full containerships with speeds of 23 knots; the French-
built Akademik Tupolev-class 4,200 DWT roll/on-roll/off vessels;
and the polish-built Inzhener Michulskiy-class roll/on-roll/off
vessels. Moreover, it is also likely that the first of three
112,000 DWT tankers ordered on a charter/purchase basis from the UK
will enter the fleet. These ships and five 32,000 DWT product
tankers also intended for the Soviet fleet were originally
part of a larger order placed with the British shipbuilding
firm Swan Hunter by the Israeli company Maritime Fruit Carriers.

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All ships over 50,000 DWT added to the fleet in 1974 probably will
be time-chartered to foreign shippers until the problem of
draft limitations in Soviet ports is overcome.

Fleet Performance

9. The near doubling of ship acquisitions during 1973
led to increased fleet output, up 7% from 377.0 billion ton-
miles in 1972 to 402.8 billion ton-miles in 1973. This growth
equals the average annual rate called for under the 1975 Five-
Year Plan. The fleet performed poorly in 1972, and exceptional
efforts will be required in 1974 and 1975 if the plan goal of
496 billion ton-miles is to be met. Carriage by the fleet,
which increased from 178.1 million tons in 1972 to 187.0 mil-
lion tons in 1973, is in line with the Plan schedule and the
1975 target of 205 million tons probably will be met.

Fleet Operations

10. The increase in fleet carriage in 1973 largely mirrors
increased movement of bulk cargoes (particularly, grain from
the US to the USSR) by the tramp portion of the dry cargo
fleet. In 1972 Soviet ships carried 517,000 tons of grain from
the US, in 1973 over 2.8 million tons. As shown in Table 3,
Soviet carriage of grain cargoes fell far short of the minimum
one-third share available under the US/Soviet Maritime Agree-
ment of 1972. Soviet ships handled only 18%; US ships 20%; and
third-flag ships 63%. During the first four months of 1974,
these figures were 23%, 42%, and 36% respectively.

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Table 3

Shipments of US Grain to the USSR, by Carrier[1]

Thousand Metric Tons

	Total	Third Flag	% of Total	USSR	% of Total	US	% of Total
			Carrier				
Total 1973	15992	9907	61.9	2818	17.6	3267	20.4
Jan	1365	768		445		152	
Feb	1362	803		373		186	
Mar	1480	726		461		293	
Apr	1610	896		308		406	
May	2041	1405		239		397	
Jun	2239	1476		88		675	
Jul	1494	650		121		723	
Aug	1213	1006		78		129	
Sep	895	646		126		123	
Oct	830	648		182		...	
Nov	781	430		313		38	
Dec	682	454		83		145	
Total Jan 1974-Apr 1974	1613	573	35.5	367	22.8	673	41.7
Jan	515	310		39		166	
Feb	378	159		104		115	
Mar	405	90		117		198	
Apr	315	14		107		194	

1 Because of rounding, components may not add to the totals shown

11. The limited role of Soviet ships in the grain lift probably results from the small size of the dry bulk carrier fleet -- only 16 vessels larger than 10,000 DWT totalling 450,000 DWT at the end of 1973. Most of the vessels in the USSR's nine million DWT dry cargo fleet are general-purpose ships and timber carriers of 16,000 DWT and under. They are capable of carrying grain, but not efficiently. Consequently, to avoid using these ships, it is likely that the Soviets chartered additional third-flag bulk carriers in the 20,000 to 35,000 DWT range. Their own smaller general-purpose vessels and timber carriers probably were used to earn hard currency in the carriage of Soviet exports or cross trade cargoes for foreign charterers.

12. Despite a decrease in total tanker tonnage, oil carriage by the Soviet fleet in 1973 approximated the level in 1972. Soviet tankers not only moved petroleum exports from Black Sea, Baltic, and Far Eastern ports in the USSR, but also were again active in the cross trades. They hauled a large volume of Iraqi crude to Bulgaria and East Germany on Soviet account and lesser amounts from the Persian Gulf to Western Europe and Indonesia to Japan. The voyages for non-Communist charterers earned good rates in hard currency. Some Soviet tankers carried grain from the US to the USSR; others moved Soviet petroleum products to the US.

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Scheduled Liner Operations

13. The number of scheduled cargo lines served by Soviet dry cargo ships increased from 44 in mid-1973 to 49 in mid-1974 (see Table 4). At the same time, the number of lines offering container service rose from 17 to 21. The new lines serve the following routes: (1) Southeast Asia - Pacific Northwest, (2) Soviet Black Sea - Cuba, (3) Soviet Baltic/Western Europe - Eastern Mediterranean, (4) Soviet Baltic/ Finland - Netherlands/Belgium, and (5) Soviet Baltic - Belgium. With the introduction of the Southeast Asia-Pacific Northwest service there are now seven Soviet cargo lines serving US ports. Increased container service stems from the fact that the lines to Belgium were containerized from the start and ships able to carry containers were introduced on two existing lines -- the joint line Soviet Baltic - France (Atlantic) and the unilatera line Soviet Baltic (Klaypeda) - West Germany.

14. New Soviet cargo lines are being considered on a variety of routes, all originating in Soviet Black Sea ports. They would serve the Philippines, Australia, the east coast of South America, Japan, and Italian ports on the Adriatic. The new line to Italy will be containerized and plans are apparently underway to containerize existing Black Sea services to Cuba and India.

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Table 4

USSR: International Cargo Lines
31 May 1974

Lines Operated Unilaterally by Soviet Steamship Companies

Company	Route
Murmansk Arctic	Soviet Baltic/Western Europe – Eastern Canada/Great Lakes a/
Baltic	Soviet Baltic/Western Europe – US East Coast (BALT-ATLANTIC) a/ c/
Baltic	Soviet Baltic/Western Europe – Australia b/ c/
Baltic	Soviet Baltic/Western Europe – New Zealand b/
Baltic	Soviet Baltic/Western Europe – Caribbean, US Gulf, and West Coast of South America (BALT-PACIFIC WICAS) a/
Baltic	Soviet Baltic/Finland – Netherlands/Belgium (BALT-SCAN) a/ c/
Baltic	Soviet Baltic – West Germany/Netherlands c/
Baltic	Soviet Baltic – Belgium c/
Baltic	Soviet Baltic – East Coast United Kingdom (Hull) c/
Baltic	Soviet Baltic – Sweden – Italy – UAR (SCAN-MED) a/
Estonian	Soviet Baltic/Western Europe – Eastern Mediterranean (BALT-LEVANT) a/
Estonian	Soviet Baltic – Sweden (E. Coast)

Company	Route
Estonian	Soviet Baltic – Norway and Denmark
Lithuanian	Soviet Baltic – West Germany c/
Latvian	Soviet Baltic – East Coast United Kingdom (London/Tilbury) c/
Danube	Soviet Danube – Near East (Lebanan, Syria, UAR, and Cyprus)
Danube	Soviet Danube – Turkey
Danube	Soviet Danube – North Africa
Danube	Soviet Danube – Greece
Black Sea	Soviet Black Sea – Persian Gulf (Iraq)
Black Sea	Soviet Black Sea – North Vietnam
Black Sea	Soviet Black Sea – Cuba
Black Sea	Southeast Asia – Western Europe/Soviet Black Sea (ODESSA OCEAN) a/
Black Sea	Soviet Black Sea/Mediterranean Europe – Eastern Canada/Great Lakes b/ c/
Azov	Soviet Black Sea – East Africa/Red Sea
Azov	Soviet Black Sea – Turkey/Greece
Azov	Soviet Black Sea – Italy c/
Azov	Soviet Black Sea – Near East
Azov	Soviet Black Sea – Algeria
Caspian	Iran (Caspian) – Baltic – North Sea (via Volga – Baltic Waterway) a/

Company	Route
Far East	Southeast Asia - Western Canada and the United States (STRAITS PACIFIC) a/
Far East	Soviet Far East/Japan - Western Canada and the United States a/ c/
Far East	Soviet Far East/Japan - Southeast Asia/India a/
Far East	Soviet Far East/Hong Kong a/ c/
Far East	Soviet Far East/Japan a/ c/

Lines Operated Jointly by Soviet and Foreign Steamship Companies

Soviet Company	Route	Nationality of Foreign Partners
Baltic	Soviet Baltic - East Coast United Kingdom (London) c/	British
Baltic	Soviet Baltic/Western Europe - East Coast of South America b/	Polish and East German
Estonian	Soviet Baltic - West Germany	West German
Estonian	Baltic/Western Europe - West Africa (UNIAFRICA) b/	Polish and East German
Latvian	Soviet Baltic - West Coast United Kingdom c/	British
Latvian	Soviet Baltic - East Germany c/	East German
Latvian	Soviet Baltic - France (Atlantic) c/	French
Latvian	Soviet Baltic - Netherlands c/	Dutch
Latvian	Soviet Baltic - Belgium c/	Belgian
Black Sea	Soviet Black Sea - Bulgaria c/	Bulgarian
Black Sea	Soviet Black Sea - U.A.R. c/	Egyptian
Black Sea	Soviet Black Sea - India/Ceylon	Indian
Black Sea	Soviet Black Sea - Southern France	French
Far East	Soviet Far East - Japan	Japanese

a. An independent line operating largely or entirely in the cross (or transit) trades.
b. A conference line operating largely or entirely in the cross trades.
c. Line offering full or partial container service.

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Soviet Seaborne Foreign Trade*

15. After five years of steady but modest growth at annual rates ranging between 3% and 6% during 1967-1971, the volume of Soviet seaborne foreign trade went up 9% to more than 139 million tons in 1972 (see Table 5). While imports nearly doubled -- from 15 million tons in 1971 to almost 30 million tons in 1972, exports dropped for the first time in at least 13 years -- from 113 to 109 million tons.

16. Grain purchases in the second half of 1972 were the major factor underlying the/million ton increase in Soviet seaborne imports. They surged from 3.5 million tons in 1971 to about 15 million tons in 1972. The largest increase involved imports from the US (up from 200,000 tons to 7.2 million tons). Imports from Canada (including diversions to Cuba) nearly tripled, from 1.8 to 5.1 million tons.

17. Soviet statistics also reflect growth in crude oil imports from 5.1 million tons in 1971 to 7.8 million tons in 1972. This increase is due mainly to purchases of Middle East crude oil -- 4.1 million tons from the nationalized fields in Iraq and 1.9 million tons from Libya.

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* As of this writing, data from the 1973 Soviet foreign trade handbook were not available. This discussion therefore focuses on developments in 1972.

Table 5

Soviet Seaborne Foreign Trade a/

			Million Metric Tons
Year	Seaborne Foreign Trade	Absolute Increase	Growth Rate (Percent)
1950	8.4		
1958	25.6		
1959	34.8	9.2	36.1
1960	44.7	9.9	28.4
1961	58.5	13.8	31.0
1962	67.0	8.4	14.4
1963	75.6	8.6	12.9
1964	83.7	8.1	10.7
1965	91.8	8.2	9.8
1966	102.7	10.9	11.9
1967	108.8	6.0	5.8
1968	111.9	3.1	2.9
1969	116.1	4.2	3.7
1970	121.4	5.3	4.6
1971	127.6	6.3	5.2
1972	139.2	11.6	9.1
1973	149.5	10.3	7.4

a. These data from the Soviet foreign trade handbook exclude seaborne trade whether carried on vessels of the Soviet Ministry of the Maritime Fleet or foreign vessels.

The Iraqi crude went largely to Bulgaria and East Germany, most of the Libyan crude to the USSR. Superphosphate imports also increased significantly, from 48,000 tons in 1971 to 555,000 tons in 1972. The major sources for this commodity probably were Belgium, the United Kingdom, Spain, and Japan.

18. The 3.7 million ton fall-off in exports is largely attributable to cutbacks in shipments of petroleum to three major customers -- Japan, from 3.3 to 1.0 million tons; France, from 4.5 to 3.0 million tons; and Italy, from 9.0 to 8.4 million million tons. Although total petroleum exports increased, much of the growth was accounted for by shipments to Eastern Europe   countries that moved by pipeline and Danube River barges. Exports of coal and coke by sea to Bulgaria, West Germany, and France also fell during the year, by amounts ranging from 200,000 to 300,000 tons.

19. Most Soviet seaborne foreign trade is with developed non-Communist countries. /Finland, West Germany, the US, and Japan headed the list in 1972 (see Tabulation).

Italy,

	Tonnage of Trade (Million Metric Tons)		
Country	1970	1971	1972
Italy	15.5	14.3	12.9
Finland	9.0 (est)	10.0 (est)	10.0 (est)
West Germany	8.5 (est)	8.5 (est)	8.5 (est)
US	.9	.8	7.8
Japan	10.3	10.9	6.8
Sweden	6.4	5.8	5.8
France	6.3	8.4	5.1
Belgium	2.6	3.1	3.8
United Kingdom	3.4	3.1	1.8

Among its Communist trading partners, Cuba accounts for the largest volume of Soviet seaborne trade. Nonetheless, East Germany, Poland, Czechoslovakia, and Bulgaria are the most important both in terms of value and tonnage (in that order) when all modes of transport are considered. A high proportion of Soviet trade with these countries moves by rail, highway, pipeline, and Danube River barge.

Country	Tonnage of Trade* (Million Metric Tons) 1970	1971	1972
COMMUNIST			
Cuba	10.9	10.1	12.0
Bulgaria	7.0 (est)	8.0 (est)	8.5 (est)
Yugoslavia	2.2	1.9	2.0 (est)
Poland	2.1	2.7	2.9
Romania	N.A.	N.A.	N.A.
North Vietnam	1.3	1.3	.9

20. More than one-third of the USSR's trading partners are developing countries, yet they account for only a little more than 10% of total Soviet seaborne trade. Egypt is by far most important. Soviet-Egyptian seaborne trade in 1972 approximated 4 million tons, down from the 5.4 million tons in both in 1970 and 1971. Next in importance is India whose trade with the USSR stood at 900,000 tons in 1970, 1.9 million tons in 1971, and 1.2 million tons in 1972. Because the Soviet trade handbook excludes some categories of aid cargo, the Egyptian and Indian totals, as well as those for other developing countries that receive Soviet aid, almost certainly are understated.

* Many of the tonnages of seaborne trade with East European countries have to be estimated because of the lack of current trade data by mode of transport.