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EAST EUROPE REPORT
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CZECHOSLOVAKIA

METALLURGY, HEAVY INDUSTRY 1983 PLAN PERFORMANCE ASSESSED

Prague STROJIRENSTVI in Czech No 4, 1983 pp 193-194

[Article: "Current Status of the Implementation Plan of the Federal Ministry of Metallurgy and Heavy Engineering [FMHTS] for 1983"]

[Text] The draft plan of the FMHTS for 1983 was discussed by the State Planning Commission [SPK] at all levels and the discussions were concluded at the ministerial level on 4 November 1982.

The production plan for metallurgy and heavy engineering agreed upon with the SPK was substantially in keeping with the FMHTS proposal.

Securing the agreed upon production with the fuel and energy resources allotted will be very complicated, especially in regard to consumption of electricity and natural gas.

The FMHTS requested 11,503 GWh of electricity to cover the planned structure of production. The SPK increased production of aluminum by 4 kt [kiloton] over the proposed volume of production and at the same time adjusted electricity consumption to 11,348 GWh which is an increase of 38 GWh over the guidelines, with the increased aluminum production alone requiring 68 GWh of electricity.

In consequence of this situation, it is necessary to suspend operation of the central oxygen plant in NHKG [New Metallurgical Works of Klement Gottwald], limit production of ferroalloys, the production of blast-furnace pellets, etc.

The FMHTS is, however, taking active measures to resolve this unfavorable energy situation. The adopted increased production of aluminum means reducing its import by 4 kt which would have had to be covered by exporting electricity in the amount of 185 GWh.

In addition, to take care of the shortage of low-sulphur heavy heating oil for production of SM [Siemens Martin] steel, it was decided to increase the production plan of coke by 30 kt, the export of which will cover reciprocal import of low-sulphur heating oil.

Increasing the limit of natural gas by 30 million m³ over the guidelines was proposed in exchange for high-sulphur heavy heating oil in the amount of 20 kt.

The problems encountered in utilizing production are centered primarily on assuring implementation of work and deliveries for capital construction for the department of the Federal Ministry of Fuels and Power [FMPE]. Compared to the FMHTS guideline of Kcs 14.3 billion for 1983, the FMHTS proposed an overall volume of Kcs 16.1 billion which was further raised to Kcs 17.7 billion in negotiations at the ministerial level. This increase is in substance directed to the FMPE department where the original guideline in the amount of Kcs 4.8 billion was increased in the FMHTS draft plan to Kcs 6.6 billion and during negotiations at the ministerial level finally reached Kcs 8.1 billion. The increase of these deliveries is primarily designated to take care of the planned startup of the V2 Jaslovske Bohunice and the V3 Dukovany nuclear power stations but also to take care of reconstructing long-distance conveyer transport.

In connection with providing construction of the nuclear power stations, the most serious problem still remaining is securing assembling capacity. In consequence of the shortfall in construction preparedness and the need to maintain planned startup schedules of the nuclear power stations, an enormous amount of assembly work has accumulated for 1983. In order to shorten the original assembly deadlines, the number of assembly workers for 1983 must be increased by 2,000-2,300 persons in the departmental organizations of the FMHTS and FMPE. There are especially great demands for specialists, particularly welders, but also other assembly specialists, such as experts in the area of high- and low-voltage electrical engineering. Under the circumstances, we cannot avoid importing these skills which cannot be secured within the framework of the national economy.

In connection with the increase in deliveries for investment, the SPK reduced the quota for exports to socialist countries by Kcs 2.1 billion in wholesale prices from the original guideline. But even in spite of this reduction there is still a problem in assuring export quotas for heavy engineering, especially to the USSR. The Soviet Union is not only not carrying out the requirements for deliveries incorporated in long-term commercial agreements but it is also backing out of certain deliveries already contracted for (breweries, rubber-factory presses). Along with pricing problems, there appears to be an overall contingency of about Kcs 600 to 800 billion in securing exports to socialist countries. The whole problem complex will be taken up by the Federal Ministry of Foreign Trade together with the FMHTS with the USSR within the framework of discussions on trade protocols for 1983 with the aim of guaranteeing deliveries according to long-term agreements at the price level requested for 1983.

Exports of heavy engineering to nonsocialist countries should be 13.7 percent higher in 1983 than this [sic] year. At the present time orders for export quotas are short by Kcs 142 million, freight prepaid, and the current status of contracting represents 77 percent of the export quota. It is expected that additional export orders will be obtained and thus eliminate this contingency. At the same time, new methods of export will have to be sought, particularly by means of direct export.

However, the problem of exports from the metallurgy branch to nonsocialist countries is much more serious, especially the export of rolled materials. According to prognostic developments on the market for metallurgical materials,

their salability is falling and is accompanied by a fall in world prices. For this reason, there is danger that the volume of material exports to nonsocialist countries to cover the planned amount of Kcs 137 million, freight prepaid, will not be obtained. In view of the strained situation in fuel and energy resources we cannot count on increased production and export of material in 1983 to cover the price decline, even with reapportionment to the detriment of domestic requirements.

In the area of imports, a limit was also agreed upon for individual categories of imports, the situation remaining very strained especially for other imports of a noninvestment nature from nonsocialist countries. This category of imports includes a reduction from the guidelines of Kcs 209 million, freight prepaid, or 8 percent, of which Kcs 153 million, freight prepaid, or almost 10 percent, is in heavy engineering. The result is a grave risk in securing the nuclear program and complete industrial plants which, because of technical clarifications and design changes required additional imports in the course of the year and which had not been incorporated in the plan.

But by far the most serious problem is the current status of releasing foreign-exchange resources. The Czechoslovak State Bank, by a decision of the commission of deputies for import regulation, is releasing advance foreign exchange for the FMHTS to cover only up to 12 percent of the stipulated import limit for the first quarter of 1983 and up to 10 percent for the ensuing quarters.

Further releasing of foreign exchange will be effected no earlier than mid-December of this year, following deliberations of the government commission for import regulation. This decision does not take into consideration delivery terms for production modules. This very seriously threatens production in the first half of 1983, especially in engineering enterprises. In the area of the plan for capital construction, there remains a discrepancy of Kcs 100 million in imports of machinery and equipment which the FMHTS must insist on because these facilities are for the most pressing needs in the SZNR [machinery and equipment not included in budget costs] category, as for example, for the import of rescue technology for ore mines, air-conditioning units for the NHKG and especially for imports designated for control and development work for the VVER 1000.

The FMHTS looked into the possibility of resolving this discrepancy by shifting import funds from the category of building projects over Kcs 2 million in budget costs, but this method does not seem to be acceptable because imports of this category are committed to special purposes and also include imports that were already postponed from 1982.

Shifting funds from building projects with budget costs over Kcs 2 million would result in extending construction time and threaten planned deadlines for starting up new capacities. In the area of supplies, the FMHTS acceded to the SPK proposal, although the intended purpose creates problems in increasing supplies of metal scrap, in overstocking of metal-bearing ores and overstocking of final assemblies for export of complete industrial plants and deliveries for the nuclear program.

For this reason, there appear to be definite contingencies in metallurgical VHJs [economic production units] where, in view of measures carried out to increase the collection of metal scrap last year, there are increased supplies which cannot be used.

A similar situation exists also in stocks of metal-bearing ores where increased supplies are foreseen because of long-term agreements for deliveries and the drop in metallurgical production. To take care of the planned stocks of supplies, the FMHTS must look for resources in other categories whose share in overall supplies is not so high, making this task one of unusual urgency.

In addition to material problems of the 1983 plan, there is the question of introducing the experiment of the improved mechanism of management in the area of technical development, investing and foreign trade. According to the organizational provisions of preparation of the rules of the experiment issued by the government committee, the draft of these rules was to be submitted for approval by the CSSR Government in September 1982. In view of the problems which arose in preparations at the regional bodies, the established time schedule was not adhered to. The extended deadline for approval of the proposed rules by the government is not yet known.

This extended procedure is arousing fears that the rules for the enterprises involved in the experiment will be introduced only after conclusion of the implementation plans and will be only of an administrative character.

8491
CSO: 2400/322

NATIONAL HARVEST PREPARATIONS, TASKS DISCUSSED

Bratislava ROLNICKE NOVINY in Slovak 24 Jun 83 pp 1, 3

[Article by Julius Varge, division chief of the CPCZ Central Committee]

[Text] Farmers, particularly those in our southern okreses, are currently entering one of the most complicated and most significant stages of their efforts, namely the harvesting of grains. Even though harvest operations are not such a complicated task as they were in the past in view of the present high degree of mechanization of harvesting and post-harvest work, they continue to be highly demanding. The task consists mainly in the fact that the harvest must be not only of the highest quality, but it must be completed within the shortest possible time to prevent harvest losses. This applies especially to the harvesting of barley, the ears of which threaten to break when they become overripe. That is why all efforts and means must be concentrated on the handling of this task. When the resources of the agricultural enterprises themselves are not adequate, help must be provided from local sources and patronage enterprises.

However, this help does not now consist in dispatching work brigades on a mass scale, even though in some years we cannot operate without them. Instead, we must strengthen the personnel operating the machinery and post-harvest production lines by sending in skilled workers. In other words, we need to provide technical assistance. Both harvesting and other peak season operations require help to farmers in the form of transportation means, which farmers are not equipped with adequately, so that they could satisfy fully the high requirements of seasonal transportation.

Successful handling of harvesting this year is particularly important, because we expect that the harvest will be good. Winter crops in particular are promising. It would be unforgivable not to take advantage of this opportunity for increasing further our self-sufficiency in grain production, which continues to be the basic task of our agriculture.

Basic grains are cultivated this year on a statewide scale on an area of 2,420,000 hectares, which is almost 50,000 hectares more than last year. However, the planned area of 32,000 hectares was not maintained. If we are to reach the planned production, in the case of grains amounting to 10,030 million tons after deduction of corn from the total production, including

2,960 million tons in the SSR, it means achieving a harvest of more than 4.1 tons per hectare. That is a very demanding task even with this year's crops, and it can be achieved only on the assumption that harvesting losses will be reduced to a minimum. A positive feature is the fact that this year we have a better fleet of combines at our disposal. In comparison to last year, their number has increased almost to 18,400, and their performance composition has also improved with the new deliveries. However, we cannot be satisfied with that, because with the increase of the acreage of grains there has been an increase of the acreage of podders, rape, and the load per combine during the harvest, including these crops, will be more than 130 acres. That is why it is necessary to provide for maximum operational capacity, full engagement and utilization during the entire season.

The first step in that direction must be to speed up repair work, which is still lagging behind at the time when harvesting period begins. It is known that problems involved in deliveries of spare parts, particularly imported spare parts, are the main reason for it. However, the deliveries are being speeded up at present, and according to a promise made by a foreign supplier, deliveries under contract should be completed by the end of June. But in spite of that, we must also make arrangements of our own.

Really great attention is being paid this year to the use of combines, as indicated by the completed harvest plans. Ways are being sought to make better use of the daily work hours and to reduce unnecessary trips. We must also urgently strive to save Diesel oil during harvesting. Increased attention is being paid to these questions also by party organizations, when they discuss plans for harvest operations. These organizations concentrate on this area in their control activities.

Cooperative help in engineering is being provided this year also for the purpose of greater seasonal utilization of machinery and consequently for general acceleration of harvesting. According to signed agreements, roughly 10,500 combines are to be used in cooperative operations. But greater emphasis is being placed on economy in their organization. In order to decrease the consumption of fuels, mutual cooperation is being expanded particularly within the framework of okreses and krajs. Measures have been adopted to make sure that railroad transportation is also used for greater distances. For the benefit of the SSR the now traditional agreement on assistance has been signed again with agricultural enterprises located in the Transcarpathian area of the USSR and Hungary concerning the total number of about 270 combines. However, farm administrations must also expect emergency transfers and assistance operations, if the situation becomes more complicated and there appears a danger of losses after the harvesting period. Pressure to decrease the consumption of fuels in these cases cannot constitute an obstacle, either. Indeed, it is a question of saving grains, which otherwise we would have to import.

Post-harvest care for and storage of grains are generally well prepared this year. Just like in previous years, organs handling agricultural supplies and purchasing are requested to guarantee also the preparation of storage space in agricultural enterprises, in addition to the preparation of their

own production lines used in post-harvest processing of grains and arranging for their storage. The overall task of purchasing basic grains amounts to 3,538 thousand tons according to the plan, including 1,138 thousand tons in the SSR. There was no problem in recent years concerning the fulfillment of the plan, nor will it be a problem this year. However, special attention must be paid to purchases of podders. Agricultural enterprises did not take a very responsible attitude to this problem in recent years. For example, last year the plan of purchasing podders used as fodder was fulfilled roughly only at half. First of all, it is necessary to let the planned areas grow for grains and not harvest the crops before they ripen, unless it is necessary to do so for important reasons, so that they could be used for production of dried fodder by hot air. They were being harvested before ripening in many cases for speculative reasons.

We must pay special attention to purchases of grains used in the production of food, particularly barley used in the production of malt. If we are to maintain the good name of Czechoslovak malt in the world, we must increase the requirements concerning the purchasing of raw materials, and naturally we must take greater care of them.

Unless something unusual happens, there should be no problem with post-harvest treatment of grains. The capacity of cleaning machines in our agricultural enterprises and purchasing organizations is adequate; in the same way we have created also the necessary reserves of heating oils used for finish drying, and we have also expanded our facilities for finish drying of grains by natural methods, by using active air filtering.

There should be no problems with storing grains, either. In the entire state, we have at our disposal storage facilities in PZN [expansion unknown] and in agricultural enterprises representing a volume of more than 10 million tons of grains. As a reserve, we have standardized, and made preliminary steps for keeping, temporary storage facilities in other departments. However, it is important to maintain the proper flow of grains in individual okreses, to load commensurately the post-harvest production lines and storage spaces, so that slow and uneven collection of grains would not hamper harvest operations anywhere.

Naturally, harvest operations do not consist merely of collection of grains alone. The collection of straw should not be underestimated, either. Not only because the collection of straw will continue to be an important component of volumetric types of fodder, but also because the transition to autumn work depends on the course of this operation. Since the growth and density of fields sown with grain keep increasing, we must expect a large volume of straw. Agricultural enterprises must also get ready for that. We must take into consideration cooperative assistance concerning harvesting machinery, and must organize the work purposefully. We must naturally provide also good storage facilities, so that the straw would not lose its quality and value as fodder. When straw is put in stacks, we must be sure that the stacks are located rationally, so that arable land is not blocked unnecessarily, and also that there are no problems in removing the straw. Facilities

with roofing should be given priority for storage of straw. Sowing of stubble field mixtures for fodder should be also considered as part of harvesting. According to estimates, the sowing should be done on an area corresponding roughly to 15-16 percent of the harvested areas of grains and rape, but in a differentiated manner depending on the enterprises. Special attention should be paid also to furrows plowed for the first time. Not enough attention was paid lately to these as part of measures against wasteland, and measures designed to use irrigation water economically. The point is that stubble fields should be plowed expertly. It is therefore necessary to use the most efficient machinery and special furrowing plows in multi-shift operations.

Transportation will be again a sensitive part of the harvesting this year. Operational programs show that the needs are not taken care of, even if transportation means of agricultural enterprises are used to the full, and if additional help is obtained from other departments. Transportation departments of KNV [kraj national committees] must pay more attention to this problem. They must become fully aware of the priorities of harvesting operations, of their importance for the entire society. In order to strengthen the transportation further, the Ministry of Agriculture and Nutrition will ask the CSSR government again this year for assistance by the Czechoslovak People's Army.

Apart from some exceptions, there should be no major problems this year in providing manpower for handling the actual harvesting operations. Since the harvesting is highly mechanized, it will basically be a mere question of strengthening the crews of the harvesting machinery, getting the full shifts of workers handling the means of transportation, and completing the personnel servicing post-harvest production lines. In addition to assistance from patronage enterprises, we must take in consideration also a certain amount of assistance from the Czechoslovak People's Army. In order to handle other work carried out parallelly with harvesting, such as collection of fodder, vegetables, and pickling fruits, we must get help primarily from local sources, through national committees, social organizations, and we must utilize summer activities of the youth. Most of the agricultural enterprises started on that basis, and by now they have signed the necessary agreements.

Although we have started now to harvest winter barleys in the warmest areas, one can say that preparations for harvesting are just reaching their peak. A general inspection must be made in all agricultural enterprises with the participation of party and trade union organizations. It is necessary to evaluate not only technical and organizational preparedness, but also the training of people. In the past years, it proved to be useful to call meetings of combine operators, mechanizers, and other workers who will handle harvesting assignments. If it was not done before, they should be informed not only about the tasks and requirements, but also about the conditions under which they will work. Above all, they should become familiar with the principles of remuneration, material incentives related to performance, quality of work (particularly concerning the process of reducing losses during harvesting and also during the subsequent flow of grains), savings of fuels, maintenance

of operational capacity, reduction of consumption of spare parts during repairs. At the same time, they should also be given detailed explanations of the organization of socialist competition, of the method of its evaluation.

We should pay systematic attention from now on to the handling of harvesting operations by national committees, organs of social organizations, party and trade union organizations in patronage enterprises. They must be given qualified attention also in terms of communication media. The importance of this year's harvest for the implementation of the goals of the 16th congress of the party in the area of agriculture and nutrition requires that successful handling of the harvesting of grains become truly a task of the entire society.

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FUTURE RAIL ELECTRIFICATION PROJECTS IDENTIFIED

East Berlin EISENBAHNPRAXIS in German Vol 27 No 3, Jun 83 (signed to press 4 Apr 83 pp 99-102

[Unattributed article: "Youth Objective, 'Electrification of Rail Lines'"]

[Text] Under the leadership of the FDJ, the youth of the GDR attained outstanding achievements. The significant undertakings, like, for example, the youth objectives "Dam of Peace" in Sosa, "Max Needs Water", the erection of the Metallurgical Combine East, the alteration of the Wische in the Magdeburg Bezirk, the Nuclear Power Station North or the natural gas pipeline "Druzhiba" [Friendship] are high points in the history of the FDJ. They demonstrate the will to work and the capacity of our youth in the construction and development of socialism in the GDR. Thus likewise the youth objective "Electrification of Rail Lines", which was originated in 1982 and in the meantime has acquired a mass character. In 52 youth brigades and 16 partial objectives, members of the FDJ are currently taking part in the electrification of rail lines.

In March the FDJ Central Council, in cooperation with the Ministry for Transportation, called 200 young people taking part in the electrification of rail lines to Bernau for an exchange of experience, at which the state secretary in the Ministry for Transportation, Dr. Heinz Schmidt, and the secretary for labor youth in the FDJ Central Council, Gerd Schulz, summarized the work that has been achieved and staked out the new tasks. Furthermore, new unit instructions for the FDJ primary organizations taking part in the youth objective were transmitted. The following report on the subject of "Youth Objective, 'Electrification of Rail Lines'" is transmitted by us on the basis of what was said there.

Point of Departure: Transportation Policy Concept "Secure a High Increase in Transportation Output and Lower Transportation Expenditures on a New Scale

On the basis of the resolution of the Politburo of the SED Central Committee "Measures for the Acceleration of the Tempo of the Electrification of Rail Lines of the GDR Railroad" of 13 July 1982, the tempo of the electrification of the rail lines of the GDR Railroad is to be further accelerated, making broad use of the force and initiative of the members of our socialist youth association.

The electrification is a key question for the securing of an increase in the output of the railroad--during 1983 17 daily outputs more than in 1982 must be produced--and for the fulfillment of the targets of the transportation system and the national economy as a whole with respect to fuel economy.

By 1985 826 kilometers of rail lines must be electrified. In so doing, the share of electrified rail lines of the GDR Railroad will be increased from 9.4 percent in 1980 to 15.3 percent and instead of 20 percent at least 33 percent of the total traction output will be produced by electric output.

(For the period 1986 to 1990 the electrification of another 900 to 1,200 kilometers of rail lines of the GDR Railroad is envisaged. Approximately 22 to 33 percent of the net will then be converted to electric operation, on which electric traction will accomplish about 50 percent of the traction output.)

The magnitude of the task becomes really clear if one considers the fact that during the period 1971-1980 approximately as many rail lines were electrified and put into operation as during the first two years of the current five-year-plan. In this, the young people, too, have a large part, especially the FDJ members who--within the framework of the "FDJ Initiative Berlin"--have been working in electrification and construction engineering enterprises of the GDR Railroad Berlin.

In the realization of the "Measures for the Acceleration of the Tempo of the Electrification of Rail Lines of the GDR Railroad" decided by the party, the initiatives of the members of our youth association, within the framework of the youth objective "Electrification of Rail Lines" transmitted at the 3rd Session of the FDJ Central Council, are directed toward the opening of selected lines ahead of schedule.

In so doing the advantages of electric traction such as

- the increase of the output capacity of the GDR Railroad through
 - a higher degree of utilization of the freight trains,
 - a higher passage capacity of the rail lines and
 - longer trouble-free operating times of the electric locomotives without additional manpower requirements;
- utilization of domestic brown coal;
- favorable specific fuel consumption;
- improvement of the working conditions of the railroad workers and, last but not least,
- a greater measure of environmental protection

are directly converted into a high increase in output.

The youth objective "Electrification of Rail Lines" encompasses the planning and preparation of production, the mast foundation, the construction of kilometer performance installations, the construction of transformer apparatus, and the securing of cooperative and sub-contractor services for the electrification.

In order to fix the assigned tasks concretely and to make them accountable, corresponding partial youth objective contracts have already been concluded in numerous spheres between the state managers and the respective FDJ primary organizations. The important thing now is to continue this process resolutely and to bring it to conclusion within a short time.

Electrification of Rail Lines--A Large Cooperative Undertaking

An important cooperative partner in the electrification is the Halle VEB for the Construction of High Voltage, Contact and Overhead Line Installations. It succeeded in developing new technologies in the installation of contact lines and thus to carry out considerable installation work without curtailing railroad operations. Because of the high load on the rail lines to be electrified, such technologies are to be used still more extensively in the future than they have been up to now.

The Radebeul VEB for Energy Construction must be mentioned as a decisive partner in the realization of the measures for the supply of 16 2/3 Hz railroad power. With its numerous cooperative partners it is responsible for the construction of the necessary transformer apparatus.

Other important partners are

--the Berlin VEB Plant for Signal and Safety Technology, which is responsible for the construction of electrification-proof installations of signal and safety technology;

--the Dresden VEB Saxony Plant for the Construction of Electric Machines, which makes available in high quality the necessary MVA [not further identified] railroad transformers;

--the Hennigsdorf VEB for Locomotive Construction--Hans Beimler Electrotechnical Plant Combine as the supplier of electric locomotives, as well as numerous other partners of the locally-directed construction industry, the equipment industry and the GDR Railroad itself. The FDJ collectives used in the electrification of rail lines up to now have a noteworthy share in the tasks that have been realized.

In the Berlin electrification and construction engineering enterprise of the GDR Railroad, approximately 300 FDJ members are used within the framework of the "FDJ Initiative Berlin" in 10 youth brigades and in other collectives with the most diverse professions and occupational characteristics for the fulfillment of the tasks in the electrification of rail lines in rotation. They made great contributions to the opening of electrified rail segments in 1982. ahead of schedule.

The high operational readiness of the FDJ members made an important contribution to the fact that the gross production in the Berlin electrification and engineering enterprise of the GDR Railroad in 1982 could be fulfilled to the extent of 110 percent. The segment Flughafen (airport)-Berlin-Schoenefeld-Gruenauer Kreuz for the first time was established in night shutdowns from 0:00 to 5:00 o'clock. For this four different shifts were used in 9/5-day-rotation. The experience gathered here are to be used where railroad operations permit only night shutdowns. The same kind of task must be solved in the construction of the contact line for the reconstruction of the contact line installation in the switch connections of the Schoenefeld Railroad Station.

In the innovation movement 20 innovation proposals or agreements with a social benefit of 185,900 marks could be settled for the FDJ Initiative Berlin.

The Halle VEB for the Construction of High Voltage, Contact and Overhead Line Installations during 1982 produced the hitherto highest output for the electrification of rail lines with the installation of approximately 450 kilometers of chain mechanism.

Representing the responsible work of numerous young people, the Kolb youth brigade was mentioned. It is responsible for the work that is carried out by helicopter on the basis of a flight plan coordinated with Interflug and the GDR Railroad.

Special attention was also given to the employment of the Koehler youth brigade at the Seddin Railroad Station, which fulfilled the tasks assigned to it two weeks ahead of schedule and thus could be used in other important projects.

Special thanks was expressed to the youth brigades and the erectors of the Radebeul VEB for Energy Construction who were used because fulfilled the deadlines of the state plan for the transformation apparatus of Ludwigsfelde and Wuensdorf in good quality.

In social work, too, the youth collectives of the Radebeul VEB for Energy Construction attained high achievements, whether in the campaign to obtain secondary raw materials, in intellectual-cultural work, or in the working off of personal tasks.

"To Get Underway on Time and to Build With Concentration" is Supreme Command

According to the resolution of the Council of Ministers of 23 December 1982, 151 kilometers of rail line are to be electrified during 1983 and 100 MVA in power output in the transformer plants are to be connected to the network.

The line segment Kurve Delitzsch (Delitzsch curve) lower railroad station to the upper railroad station could be placed into electric service already in January of this year; [illegible number] months ahead of schedule, because of the outstanding achievements of the railroad workers of the Halle GDR Railroad Directorate Bezirk. In May of 1983 the line segments Glasower Damm-Berlin-Schoenefeld and Priort-Wustermark followed.

By September 30 1983 the beginning of electrical operation is envisaged for the line segments

- Berlin-Schoenefeld--Berlin-Gruenau,
- Wustermark--Birkenwerder,
- Albrechtshof--Nauen,
- Hennigsdorf--Velten,
- Werder Railroad Station, including link-up curve,
- Hennersdorf Railroad Station link-up curve.

In December 1983 the line segment Birkenwerder--Loewenberg/Mark will follow.

In so doing the immediate electrification in the capital of the GDR, Berlin, begins this year, after intensive preparatory work. The transformer plants Wustermark and Loewenberg have to go into permanent operation on 30 September and 15 December 1983 respectively with a capacity of 20 MVA each.

Furthermore, through the construction and installation efforts during this year the prerequisites are to be created for bringing about the taking up of electric train service from Loewenberg via Neustrelitz to Waren (Mueritz), from Zielitz via Stendal to Borstel, and from Flughafen Berlin-Schoenefeld to Berlin-Lichtenberg in 1984.

During 1984 the line segments Glauchau-Goessnitz, Neudietendorf-Arnstadt, and Halle-Delitzsch upper railroad station are also to be electrified.

Altogether 207 kilometers are to be connected to the electric line network in 1984.

Proceeding from Waren (Mueritz), the connection Rostock-Warnemuende and Rostock Seehafen (Seaport) via Guestrow and Laage, as well as the electrification of the Berlin outer ring between Gruenauer Kreuz and Birkenwerder will take place in 1985 with the connection of the shunting railroad stations Wuhlheide and Pankow, as well as the railroad stations Lichtenberg, Koepenick and Rummelsburg to the electric network. With these segments a total of 242 kilometers of rail lines will be newly electrified in 1985. That is the point of departure for the further acceleration of the tempo of rail line electrification during the period 1986-1990.

To realize the utility values and to secure the head start, the following targets in priority items--to clarify the efforts for once--must be fulfilled in 1983:

- 8,870 mast foundations must be realized, which corresponds to an increase to about 140 percent compared to 1982.
- 5,817 steel and reinforced concrete masts are to be placed. That amounts to 1,100 units more than during the preceding year.
- The chain mechanism installation increases to about 140 percent compared to 1982 and amounts to 633.3 kilometers in 1983.

What basic requirements derive from this set of tasks for the spheres involved?

A basic prerequisite for the acceleration of the tempo of electrification is the further improvement of the level of management and planning, as well as the preparatory and construction work, and the organization of strict control over this work at all levels of management.

Because of the constantly increasing requirements it is urgently necessary to direct the overall process more resolutely than up to now and to guarantee a uniform and effective cooperation of all participating forces, enterprises and institutions and to attain high achievements in electrification in socialist competition.

The socialist integrated competition "Electrification", with concrete sets of goals, orients the collectives of the enterprises, plants and administrative offices of the GDR Railroad and the national economy during the "Karl-Marx-Year" to the fulfillment and purposeful surpassing of the demanding plan tasks in the presence of high order, discipline and safety. In 1983 about 4,000 workers are taking part in this integrated competition. The elaboration of demanding sets of tasks, the timely inclusion of innovators and scientists, the confident consultation with the workers at the local level, as well as the creation of the necessary prerequisites and the resolute and persistent realization of the plan, place high demands on the managers, their political action and creative approach to the solution of the tasks.

The necessary increase in the volume of rail lines to be electrified per year necessitates to an increasing extent that the cooperation of all spheres involved in this task--from the preparation through the construction to the final utilization--will continue to be constantly improved.

This improved cooperation becomes all the more necessary because the rail lines and junctions now to be electrified--specifically the Berlin outer ring and the more immediate area of Berlin--are becoming constantly more complicated since they are among the most heavily used rail lines in the network of the GDR Railroad in general.

Current Status of the Work and Future Tasks

In spite of a significant increase in the outputs compared to the preceding year, the goal of realizing a total of 25 percent of the annual plan and to be 1 day ahead of schedule during the first quarter was not fulfilled--except in the placing of masts. This result is not consonant with the possibilities which the relatively favorable weather conditions of the past weeks and months have given us. Not only in the foundation of masts was a shortfall of about 400 foundations admitted by 10 March 1983. As a result of the failure to secure material, machines and equipment or documentation in time, losses in the utilization of the available capacities shutdowns have occurred. There was a delay in the construction process and the management of the GDR Railroad was made more difficult. The important thing now is to make up this shortfall quickly, in the course of which the state managers must create all the prerequisites so that the high tasks are certain to be fulfilled and our FDJ members are fully utilized. The measures to secure the timely submission of quality project documents represent a special priority in this connection.

Thus, in spite of the increase in the planning outputs for rail line electrification in 1982 to close to double those of 1981, the state which has been achieved is still extraordinarily unsatisfactory. For this reason the assigned task of utilizing all possibilities for decreasing planning expenditures through more rational preparation and planning processes, besides the measures for the expansion of capacity, are of the utmost importance for the responsible managers. Shortcomings in planning and especially in the execution of mast foundations and excavation work for cables presently require not only a high expenditure of additional planning output, but also additional labor capacity, material and costs.

The securing of continuous construction and installation work with constantly rising expenditures in material and costs also places increasing demands on scientific-technical work. The necessary increase in output necessitates the still more decisive opening up of available reserves in all spheres, the implementation of the use of modern technologies on a broad scale, and the attainment of effective results in scientific-technical work within a short period of time, with the more extensive inclusion of experienced practical experts, as well as the movement of innovators and efficiency experts. The goal of research and development work must be to make a still greater contribution to the acceleration of the tempo.

Schedule of Electrification to 1985

| | |
|--|----------|
| Kurve Delitzsch lower railroad station--upper railroad station | Jan 1983 |
| Glasower Damm--Berlin-Schoenefeld | May 1983 |
| Priort-Wustermark | May 1983 |
| Berlin-Schoenefeld--Berlin-Gruenau | Sep 1983 |
| Albrechtshof--Nauen | Sep 1983 |
| Werder Railroad Station, including link-up curve | Sep 1983 |
| Link-up Hennersdorf Railroad Station | Sep 1983 |
| Birkenwerder--Loewenberg (Mark) | Dec 1983 |
| Link-up Neustrelitz, Waren | 1984 |
| Link-up Berlin-Schoeneweide and Berlin-Lichtenberg | 1984 |
| Magdeburg--Stendal | 1984 |
| Glauchau--Goessnitz | 1984 |
| Neudietendorf--Arnstadt | 1984 |
| Gruenauer Kreuz--Wuhlheide--Berlin-Lichtenberg--Biesdorfer Kreuz--Noerdlicher Aussenring (northern outer ring)--Birkenwerder | 1985 |
| Link-up Rostock, Warnemuende, Ueberseehafen (overseas port) | 1985 |

This resulted and results in the requirement to create the necessary scientific-technical prerequisites for attaining maximum outputs in particular in the spheres of

--rational construction and installation technologies and
 --the reduction of material and cost expenditures.

The electrification of 1 kilometer of rail line costs approximately 2 million marks and requires 16.5 tons of steel and 5.5 tons of copper for the contact

line alone. A traction vehicle of the BR 250 costs 3.5 million marks. In 1985 the task has been set to reduce the material expenditure, in particular for steel and copper, by 5-8 percent and the costs by 3-5 percent by comparison with the preceding year.

Up to the present time, the following results were achieved:

- Reduction of costs by 16.9 million marks. That amounts to 4.3 percent of the total costs.
- Reduction of the use of steel by 235 tons. That amounts to 3.3 percent of the total use of steel.
- Reduction of the use of copper by 19 tons. That amounts to 1.2 percent of the total use of copper.

The measures with respect to materials and cost reduction are to be continued in a concentrated fashion.

On the basis of the proposals submitted by the construction and equipment enterprises of the GDR Railroad and the national economy for the realization of selected measures from the 1983 electrification program of the GDR Railroad as partial youth objectives, a "Plan of Economic Initiatives of Youth" was developed in the Ministry for Transportation, which contains the output share of the youth brigades and youth objectives in concretely accountable terms.

In it the following tasks were set:

- Realization of construction and installation outputs in the amount of 94.7 million marks; that corresponds to 35 percent of the total outputs.
- Completion of 3,674 foundations for contact line masts; that amounts to 42 percent of all planned foundations.
- Installation of 274 kilometers of chain mechanism; that corresponds to a share of 43 percent of the total outputs with respect to chain mechanism kilometers.

To master this volume of output, 638 young people are included in 52 youth brigades and 16 partial youth objectives.

Thus 60 percent of all workers involved in 1983 in electrification are young people. The goal has also been set to increase the total share of outputs in the youth enrollment from presently 40 to 45 percent to at least 50 percent. In 1983, 4,500 young people are to be delegated into the individual projects. The complicated nature of this task lies, among other things, in the fact that young people from 16 enterprises, belonging to 6 different sectors of the national economy, form a youth objective. Everybody, therefore, must be able to rely on the other fellow. A smooth operation is to be secured with continuous FDJ sentries.

Great attention must be devoted to the delegation of young people, which must take place with political conviction and must be consonant with their craft and entail an engagement period of at least 2 years.

For the managers of all participants taking part in the electrification of rail lines, the task accrues to create all political, organizational and material-technical prerequisites for the effective use, for the high-level care and control and inclusion of the delegates from the administrative offices of the GDR Railroad and in particular FDJ members from the national economy in the employment enterprises.

8970

CSO: 2300/319

MINISTER ON IRON-STEEL, MACHINEBUILDING INDUSTRIES

Katowice TRYBUNA ROBOTNICZA in Polish 4 May 83 p 3

[Interview with Edward Lukosz, minister of Metallurgy and Engineering Industry, by Tadeusz Trujan: "Potential Used More and More Profitably"; date and place not specified]

[Text] [Question] On Wednesday, 4 May, the 250,000 workers in ferrous and non-ferrous metallurgy as well as the refractory-materials industry celebrate their traditional professional holiday. Metallurgist's Day provides a good occasion for reminding our readers of the role and position which this branch of industry occupies at present in the national economy, the gains made during the past year, as well as outlining the immediate and long-term future prospects for development. Above all, we would like to ask you, Comrade Minister, whether progress has been made during the last few months in metallurgical production?

Putting the Brakes on Further Regression

[Answer] In answering that question, we must take for our point of departure the year 1981, during the course of which--as the result of many commonly known causes--there occurred a decline in production. All our subsequent actions have been undertaken with one goal in mind--to put the brakes on further regression. This goal has been achieved, and this made it possible for metallurgy to make the transition to the next phase, i.e., to development. I may state, for example, that the foundries and coking plants grouped within the Association of Iron and Steel Producers have exceeded last year's plan in all assortments with the exception of steel, while our chief power, the Lenin Iron and Steel Works, has over-fulfilled its planned amounts in steel production also. The non-ferrous metal industry has carried out its planned tasks with the exception of aluminum. The refractory-materials industry has successfully implemented its plan. Upward trends are being maintained in the current year, despite the fact that the present assignments are higher, and in certain branches significantly higher, than the results which were attained in 1982. In order to provide grounds for this statement, let me cite the following facts: during the first quarter of the current year there was an increase in the output of such basic products as pig iron (by 10.9 percent), steel (by 10.3 percent), steel pipes (by 1.6 percent), rolled products (by 10.5 percent), copper (by 13.8 percent), zinc (by 13.3 percent),

lead (by 22.2 percent), silver (by 10 percent). Hence we can recognize these results--and they constitute a production increase in the metallurgical industry by 4.7 percent in comparison to 1982--as a good omen for the implementation of this year's assigned tasks.

Question The current year is the first year for the implementation of the three-year plan for stabilizing the economy. Resulting from the statements which you have just made, Comrade Minister, the results achieved up till now can put us in an optimistic mood, but these are just beginnings. And how appropriately within this plan have the tasks of metallurgy been defined?

Answer In order to achieve the economic and social goals established in the plan for the years 1983-1985, metallurgy must produce, among other things, 17,400,000 tons of coke (i.e., 3.5 percent more than was produced in 1982), 17,200,000 tons of natural steel (10.8 percent more), 12,000,000 tons of rolled products (10 percent more). This, then, is definite progress, although we have not yet reached the level of the 1980 results. There will also be increases (as compared to 1982) in the amounts of silver and zinc produced. Copper production is maintaining itself at the same level.

Question What factors are causing the greatest difficulties in the development of metallurgy?

Answer There are so many of them that I can mention only the basic ones. For example, employment. In the industrial plants grouped within the Association of Iron and Steel Producers it amounted to 186,500 persons in 1982; this was 16,000 less than in 1981 and more than 18,000 less than in 1980. A relatively greater decline occurred in the metallurgy of Katowice Province. For example, in 12 plants, among others, in the Pokoj, Kosciuszko, Florian, Zawiercie, Batory, and Laziska foundries, the level of employment declined by more than 10 percent. Personnel shortages were particularly outstanding in that group of workers engaged in direct production, including those in the hot positions of the metallurgical sections.

These disadvantageous phenomena, brought about, among other things, by errors in forecasting the regional labor market and, as a consequence, by regulations making it possible for many thousands of persons to take early retirement status, become an essential factor limiting the amount of production in enterprises. In my opinion, the present situation in this area could be partially corrected by activating the skilled professional workers and pensioners. In the future, however, reserves for correcting the employment structure will involve utilizing the positions of workers, as well as utilizing work time as fully as possible and decreasing unjustified absences.

Question Besides the problems created by shortages in employment, there are also other difficulties. Metallurgy is, after all, an industry which consumes enormous amounts of energy and materials.

The Technologies of Economizing on Materials and Energy

Answer Indeed, the strained fuel-energy balance could become during the years 1984-1985 a factor limiting the scope of metallurgical production. By all means, therefore, the changes in the structure of the engineering processes must be linked with a decrease in energy consumption. The Martin open-heart process will be gradually eliminated in favor of the converter and electric processes of smelting. Besides a decrease in the energy-consumption of the metallurgical processes, a feasible conception of the development of metallurgy encompasses the following: a decrease of the detrimental division into natural means and improvement in the working conditions of the crews and, above all, the more complete satisfaction of the national economy's needs for consistently good-quality products on metallurgical manufacture. Independently of the effects resulting from the introduction of structural changes, the following is predicted: a decrease in the consumption of raw materials and other materials by means of introducing automated systems enabling us to ascertain the contents of the metal elements in the process of enriching the ores (a savings in the value of raw materials amounting to about 1.2 billion zlotys per annum), as well as introducing systems of guiding the rolling operation, thanks to which improvement in the structure and a decrease in scrap is attained in the phases of processing. Besides, enterprises proceeding to a broader-based adoption of the technology of material- and energy-savings can likewise be found in the programs of iron and steel metallurgy as well as those in non-ferrous metallurgy and the refractory-materials industry.

Question Returning again to matters connected with the employment shortages, the question presents itself as to whether the present wages take into consideration the level of difficulty in heavy metallurgical labor, and whether--in the future--they will be sufficient to compensate for this work.

Answer In accordance with the principles of the economic reform, enterprises have gained considerable independence in setting emoluments--depending on their own possibilities. Thus, for example, metallurgical and coking plants in the future will institute incentive systems, linking them to a degree greater than has been the case heretofore with work results, with qualitative improvements, as well as economy measures with regard to raw materials, other materials, fuels, and energy. Most essential, however, for carrying out a reform is a comprehensive system of incentives and its introduction into workers' actual jobs. Resolution No 135 of the Council of Ministers has become an important step forward in this field, although in the future a further regularization of wages is inevitable in metallurgy. Last year's average nominal wages (not counting recombinations) in the enterprises of iron and steel metallurgy--the "industrial" sector--amounted to 11,947 zlotys and were higher by 2,618 zlotys than the 1981 average. On the other hand, during the first quarter of the current year monthly wages reached a level of close to 15,000 zlotys, which amounts to 109.6 percent of the average wages in our native industry.

Concern for Improvement of Social Services

Furthermore, I would like to emphasize that metallurgy has consistently carried out its social tasks. The Metallurgist's Charter has been brought up to date; it has introduced special annual awards for many years of service, faultless and uninterrupted work, an annual award of the so-called 14th Pension, as well as one-time loans for cultivation. Also introduced have been 100-percent bonuses for work on free Saturdays, pension rewards, advantageous changes in anniversary awards, additional paid leaves for workers employed under conditions detrimental to health or particularly onerous. Lately, empowered by an order of the Council of Ministers, metallurgical workers employed under particularly onerous conditions have obtained further rights in the area of lowering the retirement age and increasing the pension privileges. By means of such actions the comrades have provided evidence of concern for improving social conditions, and the expression of this is the increase of plant funds--social and housing. Of course, I realize that, especially in the latter sphere, the situation demands not only activation in the plants themselves but also appropriate, systems-type solutions.

Question Metallurgy comprises the basic foundation for the development of many sectors of industry, including machine building, in this very ministry. Is it true then that implementation of the aims sketched briefly above will bring about, within a relatively brief period of time, a rescue of the economy from its crisis?

Answer I am an optimist, and I consider this optimism to be well-founded. I believe in the promising undertaking of our brothers in the metallurgical industry, in their willpower to overcome the difficulties involved. I am convinced of the complete realism of the enterprises outlined above. And, in availing myself of the occasion of being granted the columns of TRYBUNA ROBOTNICZA, I would like, through you, to express to all metallurgical workers my best wishes and congratulations on the occasion of their annual holiday!

We thank you for this conversation and join in adding our own congratulations.

2384
CSO: 2600/889

CEMA RELATIONS WITH WORLD AGRICULTURAL MARKETS ANALYZED

Warsaw POLITYKA in Polish No 21, 21 May 83, Supplement pp 17,18

[Article by Nika Bochniarz: "CEMA and the World Agricultural Market"; passages enclosed in slantlines printed in boldface]

[Text] The ties of CEMA countries with the world agricultural market have been only minimal since this organization was created, despite the considerable economic potential of these countries and their rapid growth in farm production. /The share of CEMA countries in world agricultural export was 6.8 percent in 1965; its share in import worldwide was 9.8 percent. In 1970 the respective figures were 7 percent (export) and 8.3 percent (import). In 1975 the share in world export dropped to 5.8 percent, while the share in import increased to 10.2 percent./

/In 1980 the share of CEMA countries in world export was only 4.4 percent, while their share in import was 10.5 percent./

This tendency resulted both from the industrialization process that caused the domestic requirement to increase and from the insufficient development of farm production that even fell short of the domestic food requirement in many countries. (Table 1)

The ratios of production to the domestic consumption of basic agricultural goods in the 1970's worsened considerably, causing a decline in the self-sufficiency of CEMA countries in food production and an enormous increase in the value of farm imports. While their value in 1970 was \$3.8 billion, in 1981 their value increased to more than \$32 billion. During this same period, agricultural export from CEMA countries increased from \$3.2 billion to \$9.8 billion (in current prices). Such a major increase in import alongside a relatively minor increase in export led to a negative foreign trade balance for this group of goods. /In 1981 only two CEMA countries, Bulgaria and Hungary, had a surplus of farm export over import; however, this was unable to compensate for the negative foreign trade balance of the other CEMA countries. As a result, the negative balance for agricultural turnovers for CEMA countries in 1981 was more than \$22 billion./

The systematic growth of net grain and fodder imports had a marked impact upon the deepening of the negative trade balance. From 1976 to 1980, the average yearly grain imports into CEMA countries amounted to more than 35 million tons. The chief grain importer was the Soviet Union with average yearly imports of about 20 million tons from 1976 to 1980; Poland was second with 6.5 million tons and the GDR was third with 3.9 million tons.

Hungary was the only CEMA net exporter of grain. Grain exports from Hungary increased from an average of 130,000 tons per year from 1961-1965 to more than 1 million tons per year from 1976-1980.

In the last 10 years, the greatest increase was demonstrated by CEMA imports of feed grain, especially corn, representing approximately 50 percent of the total volume of grain imports. Similar trends were exhibited in the import of ground grain and mill cake (primarily soy), whose purchases grew from 326,000 tons from 1961-1965 to more than 4 million tons from 1976-1980.

Such a large import volume was due to the insufficient increase in domestic grain and fodder supplies in relation to the programs of animal husbandry development. /In many CEMA countries, the proportions of crop and livestock production fluctuated. Grain and fodder production were subject to severe fluctuations, while productivity was below that of other countries and the losses incurred during harvesting, transport and storage were considerable. The low rate of efficiency of livestock production played an important role. The indispensable increase in meat production was achieved through very large fodder outlays./ Nor do CEMA countries have overly favorable climatic conditions for the development of oleaginous seed production, particularly soybeans. Likewise the increase in the import of sugar, fruit and processed fruit products, stimulants, butter and meat had a crucial impact upon the deepening of the negative balance.

At the same time, the CEMA countries export many raw materials and farm products. The export of meat and processed meat products, which amounted to approximately 450,000 tons per year from 1961-1965, doubled from 1976-1980. Poland and Hungary were the major exporters of meat and processed meat products. However, while Hungary systematically increased its export of these products, reaching an average of nearly 300,000 tons from 1976-1980, exports from Poland declined considerably. The CEMA countries likewise exported vegetable oils, vegetables, fruits, processed fruit and vegetable products, poultry and processed milk products.

Among developed capitalist countries, the EEC countries were the major purchasing market during the entire postwar period. The rapid increase in imports accompanied by fairly stable exports caused the CEMA balance with EEC countries to drop from a positive balance in 1970 of more than \$500 million to a negative balance in 1980 of \$1.3 billion.

Trends in trade with the United States were similar. The export of agricultural goods from CEMA to the United States grew from \$65 million in 1970 to \$277 million in 1980, while the share of exports to the United States in total CEMA exports did not exceed 3 percent. Among CEMA countries, the major supplier

of farm products to the United States was Poland, whose major export in this field was processed meat products. It should be emphasized that the share of Polish hams in total U.S. ham imports was more than 40 percent in 1960, and the total worth of meats and processed meat products imported by the United States from Poland from 1971-1980 averaged \$100 million per year, or nearly 50 percent of the worth of all U.S. farm imports from CEMA countries during this period. The remaining CEMA countries exported processed meat products and processed milk and fruit products to the United States; however, such exports were fairly stable during the 1971-1980 period.

CEMA farm imports from the United States were characterized by a much larger growth rate. This trend was caused by an increase in the purchases of grain and fodder from this country, primarily by the Soviet Union and Poland. (Table 2).

Table 1. The Relationship Between CEMA Production and Consumption of Basic Agricultural Products (in yearly averages)

| <u>Articles</u> | <u>1961-1965</u> | <u>1966-1970</u> | <u>1971-1975</u> | <u>1976-1980</u> |
|--------------------------|------------------|------------------|------------------|------------------|
| Grain | 37 | 39 | 33 | 31 |
| Wheat | 35 | 33 | 56 | 32 |
| Corn | 104 | 106 | 86 | 68 |
| Barley | 100 | 95 | 97 | 92 |
| Rye | 101 | 100 | 39 | 38 |
| Vegetable Oils | 128 | 116 | 103 | 101 |
| Sugar | 98 | 89 | 85 | 76 |
| Fruit and Processed | | | | |
| Fruit Products | 39 | 37 | 36 | 35 |
| Vegetables and Processed | | | | |
| Fruit [sic!] Products | 101 | 101 | 100 | 100 |
| Meat and Processed | | | | |
| Meat Products | 100 | 101 | 101 | 101 |
| Butter | 101 | 104 | 100 | 97 |
| Poultry | 103 | 103 | 103 | 102 |
| Cheeses | 100 | 101 | 101 | 102 |

Table 2. U.S. Fodder and Grain Exports to the U.S.S.R. and Poland From 1971-1980 (in millions of tons)

| <u>Country</u> | <u>1971</u> | <u>1972</u> | <u>1973</u> | <u>1974</u> | <u>1975</u> | <u>1976</u> | <u>1977</u> | <u>1978</u> | <u>1979</u> | <u>1980</u> |
|----------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| U.S.S.R. | | 7.2 | 13.4 | 3.1 | 7.4 | 11.2 | 7.3 | 13.6 | 19.4 | 6.2 |
| Poland | 0.5 | 0.6 | | 1.0 | 2.1 | 2.3 | 2.1 | 2.8 | 3.5 | 3.2 |

CEMA outlays for importing grain from the United States increased from about \$30 million in 1970 to more than \$2 billion in 1980. In 1979, during the period of greatest U.S. grain and fodder exports to CEMA (the 1971-1980 decade), the worth of exports to the Soviet Union amounted to nearly \$2.5 billion, while exports to Poland were valued at about \$0.5 billion. U.S. grain and fodder exports to the other CEMA countries (except for the Soviet Union and Poland) were considerably lower but also rose systematically.

A vital impact on the increase of U.S. farm exports to CEMA was exerted by the system of financing such exports used by the American government, particularly credit obtained within the framework of the Commodity Credit Corporation (CCC), an institution created to finance the sale of American farm products. The sale was coordinated by the U.S. Department of Agriculture, which granted credit with a repayment period of from 6 to 36 months.

/Among CEMA countries, Poland was the major user of imported (CCC) credit during the 1970's. Within the framework of this credit, its primary purchases were fodder grain, wheat, soy flour and vegetable oils./ To a much lesser degree, CCC credit was granted on farm exports to Romania and Hungary. The other CEMA countries could not use export financing within the CCC framework. Likewise, only two CEMA countries, Poland and Romania, received credit from the U.S. Export-Import Bank.

The increase in CEMA imports from the United States, implemented both on credit terms and through cash payments, along with the minimal increase in farm exports from these countries to the American market, led to a large negative trade balance in turnovers of farm products between CEMA and the United States. This balance grew from \$39 million in 1970 to more than \$2.3 billion in 1980. It should be stressed that the negative trade balance for farm products in U.S. and CEMA turnovers reached its highest level in 1979 (over \$4 billion). The reduction in the negative balance in the next year (1980) resulted from the embargo on U.S. farm exports from the U.S.S.R., imposed for political reasons (the presence of Soviet armies in Afghanistan). Despite the lifting of the embargo by President Reagan and the signing of a new agreement for grain deliveries from the United States to the Soviet Union, Soviet purchases from the United States were still limited, and a permanent reorientation of U.S.S.R. grain purchases from the United States has occurred. U.S. grain and fodder exports to Poland likewise declined sharply, as a result of the U.S. government sanctions following the imposition of martial law. The withdrawal of the Most Favored Nation Clause and the inability to purchase grain and fodder on credit caused a drastic decline in U.S. exports to Poland in 1982.

Trade restrictions on U.S.-CEMA farm turnovers led to the more rapid growth of trade exchanges with other capitalist countries.

Canada is becoming a more and more important CEMA trading partner. Farm exports to Canada were of marginal significance during the 1970's, ranging from \$10 million to \$15 million. /Farm product deliveries from Canada to CEMA countries were much more significant. They rose from \$100 million in 1970 to nearly \$1.4 billion in 1980; nearly 100 percent of farm imports from

Canada were grain and fodder purchases./ Trends in trade with Australia and New Zealand were similar. Farm exports from CEMA to these countries were minimal, averaging \$6 billion per years from 1971-1980. During this same period, farm imports from Australia and New Zealand rose from \$30 million to nearly \$1 billion, with grain and fodder dominating the commodities structure.

/From 1971-1980, turnovers of farm products between CEMA countries and developing countries rose significantly. Imports grew considerably--from \$1.3 billion in 1970 to more than \$6 billion in 1980. The export of agricultural products from CEMA countries to developing countries grew during this period from about \$300 million to over \$1.8 billion./

The geographical structure of import was dominated by deliveries from the South American countries, primarily Argentina and Brazil. Grain, oleaginous seeds, cocoa beans, coffee and tropical fruits were the major imported items.

The geographical structure of export was dominated by deliveries to the markets of African countries (more than 30 percent of the export to developing countries in 1980) and to Asian countries (10 percent of the export for this same year).

Together with the increase in imports from capitalist countries, there occurred a decline in mutual turnovers between CEMA countries. In farm exports, the share of mutual trade declined to a lesser degree, from 48.9 percent in 1970 to 47 percent in 1980. There was a much greater decline in farm imports, where the share of mutual turnovers declined from 41 percent in 1970 to about 20 percent in 1980.

These unfavorable trends were primarily the result of the insufficient development of crop and livestock production in the particular countries by comparison with their needs. The causes for the lagging development are complex and varied in the particular countries, since agriculture itself differs in the various member countries, with private farms dominating in Poland, to extensive concentration in the Soviet Union.

The unfavorable weather conditions were likewise a factor; however, their negative impact could have been lessened considerably if agriculture had been developed more extensively. This refers in particular to the proper degree of mechanization and chemicalization, land reclamation, a higher quality of seeds and cuttings, a suitable transport and storage base, a higher level of agricultural knowledge and the like.

/The weak increase in farm production during the 1970's meant that in most CEMA countries the program of agricultural and food industry development was adopted as a basic task of socioeconomic planning for the current 1981-1985 five-year plan./ It appears, however, that a rapid growth in farm production will demand a much greater effort on the part of the countries of the Council for Economic Mutual Assistance.

The potential for increasing land areas under cultivation is very limited. Thus, the only alternative is to increase production productivity. The results

obtained in agriculturally highly developed countries, both in crop and livestock production, demonstrate the tremendous possibilities for increasing per-hectare productivity, livestock productivity, sugar yields per ton of beets and the like. However, the intensive development of agriculture requires significant investment outlays as well as an increase in imports of the means of production (e.g., plant pesticides, fertilizers and the like). Meanwhile, the effects of these increased outlays produce perceptible results only over the long term. Thus, we may be apprehensive about the fact that during the next few years, a drastic reduction in farm imports would have a crucial impact on the possibility of meeting the food requirements of the people of CEMA countries. This refers in particular to their potential for livestock production development, which requires considerable grain-fodder outlays. The achievement of self-sufficiency in grain and fodder production may become very difficult and not always rational from an economic viewpoint. The trend toward non-dependency on deliveries of raw materials and products from capitalist countries should not mean a return to an autarkic model of the economy. CEMA countries possess significant potential for increasing farm production, whose level could ensure not only a corresponding increase in domestic consumption but also an increase in exports to third countries.

Aside from efforts undertaken in particular countries, the development of an integrated agriculture and food industry within the CEMA framework is indispensable. Forms of cooperation used until now based on coordinated plans, bilateral agreements at the central level and balances in commodities groups require basic changes. The lack of an economic mechanism stimulating the integration of economies of particular countries, including the integration of agriculture, is becoming a stronger and stronger factor limiting the possibilities of using CEMA's potential effectively. Consequently, it is necessary to return to the proposals stated in the Comprehensive Program of Development in the area of such economic instruments of integration as prices, currency rates-of-exchange, credit mechanisms and the like.

8536

CSO: 2600/942

POLITICAL DIMENSION OF SUPPORT FOR ECONOMIC REFORM VIEWED

Warsaw RZECZPOSPOLITA in Polish 6 May 83 p 3

[Article by Prof Jan Szczepanski: "The Economy and Society"]

[Text] We have become accustomed to regarding the economy as an independent system composed of "economic mechanisms" and to seeking a way out of the crisis by improving these mechanisms. However, the economy is a very complex entity. Therefore in seeking a way out of the crisis it is necessary to take a closer look at all components of the economy and to examine which of them engenders the factors provoking the crisis and which methods of operation can be effective in surmounting the crisis.

The socialist economy is a political creation organized by the revolutionary party after taking over the government. In contradistinction to the capitalist economy, which has taken shape gradually and spontaneously in the course of centuries in the framework of a feudal system, the socialist economy was organized by plan through political decisions. The basis of its operations is therefore politics and consequently methods of political direction play a great role in it. In this economy political decisions predominate over economic decisions. Therefore this sphere of political direction of the socialist economy is an important component of the economy itself.

Like every other economy, the socialist economy is a set of purely economic elements and components and the principles of their activity, such as prices, wages, credit, taxes, work, the organization of distribution and exchange, money and its circulation, consumption and its methods and so forth. In a word these are the components of the economy spoken of in every textbook of economy. Our reform efforts primarily refer to this sphere.

But obviously the economy must be based on the sphere of means of production, systems of tools and machinery used in the production of goods, in transport, construction, services, households and so on. In a modern economy a great deal depends on the level, quality, technical equipment and its utilization. Therefore the question arises here as to what must be changed in our technology in order to organize, streamline and accelerate escape from the crisis.

Finally the economy is also a social organization. The model of political direction of the economy, its economic mechanisms, its technique and means of production are introduced by concrete units and groups, human communities. Therefore the economy has its own hierarchy of government and administration, a hierarchy of positions, its own institutions and organizational forms, groups of workers and groups of planners, directors and administrators, its own methods of planning, administration and direction, its own means of performing work and so forth.

This social sphere is also decisive with respect to what decisions are adopted, how economic mechanisms are introduced, how motivation is aroused, what emotions and attitudes appear in the course of administration, direction, planning and work, and what values direct the people employed at all levels of the structure of the economy. In this sphere we encounter psychological, sociological, legal and cultural factors which constitute the driving force of every economy.

In seeking a way out of the crisis and an effective preventive for it in the future, we must reflect on which of the component parts provoked the crisis, which must counteract it, and which must be transformed and how. It should also be emphasized that the contemporary national economy is not an isolated and closed creation, but is interrelated with the regional and world economy in many ways, and that causes of the crisis also lie in these international relationships and cooperation. For example, the foreign debt, unfavorable foreign trade and similar factors also play a significant role. However, these factors of international relations are controlled and directed by institutions appointed to direct and administer the economy and are subject to the political control of the government.

I do not have any results of research on the causes of the crisis, nor can I point out which organizations in the individual spheres of the economy contributed to its occurrence and what must be changed in all of these four spheres of the economy. Still, there is no doubt that the economic reform must be begun with the incentive sphere, with changes in the way people behave in this economy of workers, that is, in the methods of political and actual direction, the methods of planning and administration, and the ways in which work is accomplished.

Here the following questions arise as a result of the assumption that people work in order to achieve their life goals and to satisfy their interests.

Who, that is, what groups and social circles are interested in the development of our economy, and to whom does this development in its concrete effects, in factories, bring benefits?

Consequently who is interested in the enactment of the economic reform and who hopes to receive direct benefits from it?

What social forces are interested in enactment of the reform?

What must be changed in the technical systems of the economy in order to guarantee success for the reform?

Are the recommendations of the hierarchy of government and emphasis on legal standards capable of putting all necessary factors into operation for the success of the reform?

Obviously I do not have the answers to these questions. I only mention them by way of example, because many more questions of this type can be formulated. Of particular interest are questions referring to the forces opposing the reform, questions on differences of opinion on the subject of the causes of the crisis, factors maintaining it and methods of overcoming it and so forth. After all, it is obvious that every reform which changes established methods of operation in the economy constitutes a threat for the status and positions of all those who must change their manner of operation, and thus their qualifications and so forth. This engenders somewhat automatic opposition to the reform and here lie the grounds for its deformation as well.

In 1973, when I presented proposals for the reform of education and for variations of possible reforms, I learned that regardless of which variation the government accepted, the workers in the educational institutes will still do what they know how to do and what they are accustomed to doing. These same phenomena may also appear in the reformed economy.

6806

CSO: 2600/930

DRAFT VERSION OF CONTROVERSIAL NEW INCOME TAX LAW SUMMARIZED

Warsaw ZYCIE GOSPODARCZE in Polish No 20, 15 May 83 p 11

[Article by T.J.]

[Text] The Ministry of Finance has prepared a complex draft version of changes in the tax system. In the intention of the authors, these changes are aimed at counteracting incomes which are excessive in relation to work outlays or incomes that are socially unjustified, and unequal distribution of the efforts of the crisis, as well as the restoration of the money-market balance.

The changes are expressed in draft versions of the following statutes: turnover and income taxes for the non-agricultural private economy, an equalizing tax for the socialized economy employees, and an agricultural tax. The Ministry of Finance is submitting the drafts of changes to social consultation, hoping that the new statutes (except for the one on the agricultural tax, which is to be implemented at the beginning of 1984) will be passed by the Sejm in June and implemented on 1 July 1983. We are presenting the most important draft solutions. Please direct remarks and suggestions to the Ministry of Finance, address: Department of Taxes and Fees, 00-916 Warsaw, 12 Swietokrzyska Street, or to the address of ZYCIE GOSPODARCZE.

I. Non-agricultural socialized economy (private crafts, trade and services)

A. Turnover tax.

1. The basic rate of the turnover tax is established at the amount of 10 percent for production activity and 5 percent for services and trade.

2. Rates different from the basic ones are introduced for the following: baking--1 percent (no change); bell casting, gunsmithing, medical equipment electromechanics, pottery, glass painting, carpentry of children and youth's furniture, wheelwright's work, coopering, lace-making, orthopedic shoe making,

production of school aids, orthopedics, stucco work--2 percent (currently 6 percent); food crafts, production of cooling beverages, wine products and wine--2 percent (no change); production of building materials, making of concrete and sepulchral monuments--4 percent (no change); shirt-making and light tailoring for children and youths up to the age of 15--6 percent (no change); goldsmithing and jewelry-making, making of objects from amber, engraving, production of articles from plastics except for construction industry and health service--20 percent (currently 6 percent); food production: meads--25 percent (currently 2 percent) and other wine and beer products--50 percent (currently 2 percent); production of automotive spare parts and accessories, production of cosmetics and scents, making and polishing of decorative glass and crystals, production of baseboards and flooring blocks, the dressing of furs and services in goldsmithing and jewelry-making--30 percent (currently 6 percent); production of playing cards--50 percent (currently 6 percent); stonework services--15 percent (currently 6 percent); engraving and wrought-iron services--20 percent (currently 6 percent); furrier services--25 percent (currently 6 percent); performance of commission sale contracts--agency and direct brokerage--10 percent (no change); trade services: bakery--1 percent (currently 2.5 percent); alcoholic beverages of imported origin--20 percent (currently 5 percent); industrially-produced articles of imported origin except those used for clothing and shoes--10 percent (currently 5 percent); food industry services: sales of goods and articles except for alcohol--3 percent (no change); sales of goods and articles including alcohol of up to 18 percent--6 percent (no change); sales of alcohol of over 18 percent--8 percent (no change).

B. Income tax.

1. Tax-free income is established at 160,000 zlotys a year plus 30,000 for a non-income earning spouse, plus 15,000 for each child to be supported, plus social security fees for the taxpayer and persons working with him, plus 60,000 zlotys of income not derived from economic activity (a lease, for example).

2. New tax rates for production and services:

--at annual income surplus (over the free amount) up to 30,000 zlotys--tax on 20 percent of the surplus,
 --30-60,000 zlotys surplus--tax of 6,000 zlotys plus 30 percent of the sum over 30,000 zlotys,
 --60-120,000 zlotys surplus--tax of 15,000 zlotys plus 40 percent of the sum over 60,000 zlotys,
 --120-240,000 zlotys surplus--tax of 39,000 zlotys plus 50 percent of the sum over 120,000 zlotys,
 --240-480,000 zlotys surplus--tax of 99,000 zlotys plus 60 percent of the sum over 240,000 zlotys,
 --480-960,000 zlotys surplus--tax of 243,000 zlotys plus 70 percent of the sum over 480,000 zlotys,
 --960,000-4 million zlotys surplus--tax of 579,000 zlotys plus 80 percent of the amount over 960,000 zlotys,
 --over 4 million zlotys surplus--tax of 3.011 million zlotys plus 85 percent of the sum over 4 million zlotys.

3. Income from trade activity will be taxed according to the same rates but with a 10 percent increase.
4. Surplus (over 60,000 zlotys) of income not derived from economic activity is to be taxed at the same rates but with an increase of 20 percent.
5. The total of an income not covered by revealed sources is to be taxed according to the same rates but with an increase of 25 percent, with the provision that the total tax on this income cannot exceed 85 percent of the income from unrevealed sources.
6. The tax from income surplus over the free amount cannot exceed 80 percent at the surplus up to 4 million zlotys and 85 percent at a higher surplus.
7. Tax reliefs will be allowed for: investments for production purposes, student instruction in the craft, exports (relief from turnover tax and reduction of income tax by the amount corresponding to 3 percent of turnovers in export) and counter-import production (reduction of income tax by 5 percent of turnovers from these services). The list of products considered to be counter-import will be established each year by the Ministry of Finance in agreement with the Ministry of Foreign Trade.
8. Revenue fee and a tax card (not requiring records) will apply to taxpayers working in conditions which preclude annual income higher than 530,000 zlotys, which means that these fees apply to craftspersons employing up to 2 (in exceptional cases--3) workers and private food trade and non-alcoholic catering establishments employing no more than 1 worker or 1 family member.
9. Profitability quota and tax rates amounts will be verified in the course of adjustments with self-management organizations currently taking place.

II. Equalizing tax.

1. All income derived from the following sources is subject to tax: pensions, steady employment and contract assignments or assignments for work in socialized economy enterprises, agency contracts, creative activity (i.e. literary, scientific, artistic, publishing, and educational), and, temporarily (until the implementation of agricultural tax), some special sectors of agriculture, i.e., some horticulture and fruit-farming, and poultry-breeding.
2. All financial income from the above sources and the value of pay in kind are subject to tax except for: social services, income taxed by other taxes, special income (state and jubilee awards) and, in the years 1983-85 only, income for work on work-free Saturdays and days statutorily free of work--if the work counts as overtime.
3. The base for tax consists of all income minus the tax from remuneration and the costs of obtaining it, if such are defined by the Ministry of Finance or documented by the taxpayer.

4. The basis for taxation of an agent consists of the gross receipts minus insurance and retirement payments and tax from remuneration.

5. In the case of creative activity, royalties minus the costs of earning them, insurance payments and tax on the royalty, are the basis for taxation. --costs of earned income in a flat rate form cannot be higher than 350,000 zlotys, unless the taxpayer proves otherwise, --the "W" account is being retained for authors.

6. Persons managing special agricultural sectors pay the equalizing tax on the basis of estimated quotas of income or recording books, --in preparation of the quotas, the median harvests obtained in average production conditions over a period of a few years were considered.

7. For the years 1983-85 a sum free of tax at the level of 300,000 zlotys a year (25,000 zlotys a month) is set.

8. The tax-free sum is raised by: 30,000 zlotys for spouse support (in special agricultural sectors by 50 percent) and by 15,000 zlotys for each supported child, sibling or parent.

9. Tax rates:

--income of 300-336,000 zlotys--tax of 20 percent of the sum over 300,000 zlotys,

--income of 336-360,000 zlotys--tax of 7,200 zlotys plus 25 percent of the sum over 336,000 zlotys,

--income of 360-384,000 zlotys--tax of 13,200 zlotys plus 30 percent of the sum over 360,000 zlotys,

--income of 384-408,000 zlotys--tax of 20,400 zlotys plus 35 percent of the sum over 384,000 zlotys,

--income of 408-432,000 zlotys--tax of 28,800 zlotys plus 40 percent of the sum over 408,000 zlotys,

--income of 432-480,000 zlotys--tax of 38,400 zlotys plus 45 percent of the sum over 432,000 zlotys,

--income of 480-528,000 zlotys--tax of 60,000 zlotys plus 50 percent of the sum over 480,000 zlotys,

--income of 528-576,000 zlotys--tax of 84,000 zlotys plus 55 percent of the sum over 528,000 zlotys,

--income of 576-648,000 zlotys--tax of 110,400 zlotys plus 60 percent of the sum over 576,000 zlotys,

--income of 648-720,000 zlotys--tax of 153,600 zlotys plus 65 percent of the sum over 648,000 zlotys,

--income of 720-840,000 zlotys--tax of 200,400 zlotys plus 70 percent of the sum over 720,000 zlotys,

--income above 840,000 zlotys--tax of 284,400 zlotys plus 75 percent of the sum over 840,000 zlotys.

10. Reliefs and exemptions:

--to the sum of 900,000 zlotys on the basis of expenses incurred by purchase of a new housing unit (cooperative apartment deposit or single-family home construction) or repair of an old one,

--for artists-musicians, composers, painters and photographers to the sum of 600,000 zlotys on the basis of investment connected with the execution of profession,
--on the basis of expenses dedicated to purposes of public use (for example, NFOZ [National Fund of Monument Protection], fund of monument restoration, etc.),
--on the basis of cultivating contract seed production of vegetables and flowers.

III. Agricultural tax

consisting of 2 parts: the land tax, and agricultural equalizing tax on cultivations now included in special sectors of agricultural production.

A. Land tax--universal and homogenous, independent on the size of the farm and form of property, replacing the present land tax and payments for development of agriculture and for the gmina [parish] fund.

1. The tax is non-progressive and is based on taxation of each conversion hectare.

2. The amount of tax equals 2.5 quintals of rye at the official price from each conversion hectare. The establishment of this amount is to take place in 3 stages: from 1 January 1984 the tax amounts to the equivalent of 1.5 quintals of rye, from 1 January 1985--equivalent of 2 quintals of rye, and from 1 January 1986--equivalent of 2.5 quintals of rye.

3. The conversion of physical hectares to conversion hectares takes place with the aid of factors within 4 taxation districts in each gmina.

4. Conversion factors for arable land according to taxation districts for grading classes: I, II, IIIa, IIIb, IVa, IVb, V and VI:

I district: 2.05--1.95--1.75--1.5--1.2--0.9--0.6--0.25
II district: 1.9--1.75--1.6--1.35--1.1--0.8--0.5--0.2
III district: 1.75--1.6--1.45--1.25--1.0--0.75--0.45--0.2
IV district: 1.6--1.45--1.35--1.15--0.9--0.65--0.45--0.15
V district: 1.4--1.3--1.2--1.0--0.8--0.6--0.4--0.15

5. Conversion factors for fodder producing lands according to taxation districts for grading classes: I, II, III, IV, V and VI:

I district: 1.85--1.55--1.3--0.85--0.4--0.15
II district: 1.7--1.4--1.2--0.75--0.35--0.15
III district: 1.55--1.3--1.1--0.7--0.35--0.15
IV district: 1.4--1.2--1.0--0.6--0.3--0.1
V district: 1.3--1.05--0.9--0.55--0.25--0.1

Note:

There will be no land tax on arable lands belonging to grading class VIz.

6. The amount of tax in force from 1 January 1986 in kilograms of rye from 1 physical hectare according to soil class in a particular taxation district is shown in the table below.

Note: The land tax on forests and carp-production ponds is calculated according to arable lands of class VI, and on ponds producing other fish--according to arable lands of class VI.

7. Gmina people's councils obtain the right to: differentiate the tax within the 10 percent limit for particular villages depending on conditions and to raise the tax on 1 conversion hectare within the limits of 0.5 quintals of rye. The raise is to be assigned according to the needs of the gmina.

8. A higher land tax is imposed on: ground cultivation of flowers and hotbed cultivation, as well as seed production of bulbous flowers (equivalent of 25 quintals of rye from 1 conversion hectare); trees and ornamental shrubbery (12.5 quintals of rye); over 7-year old orchards measuring over 0.5 physical hectares (8.75 quintals of rye); vegetables in ground and hotbed cultivation, and seed production of flowers and vegetables (5 quintals of rye) as well as fruit shrubbery (3.75 quintals of rye).

B. The agricultural equalizing tax includes exclusively cultivations independent of climate and soil conditions as well as cultivations based on feed not derived from the cultivator's farm (greenhouses, cold or heated foil tunnels, hotbeds, mushroom-growing cellars, meat and egg poultry farms, and hide animals farms).

1. Basis for taxation--standard or factual income evidenced by record books.

2. Tax on annual income up to 180,000 zlotys amounts to 10 percent of the income.

3. Higher income is taxed progressively according to the following rates:

--surplus (over 180,000 zlotys) up to 30,000 zlotys--11 percent tax,
--surplus of 31-60,000 zlotys--tax of 3,300 zlotys plus 12 percent of the sum over 30,000 zlotys,
--surplus of 61-90,000 zlotys--tax of 6,900 zlotys plus 13 percent of the sum over 60,000 zlotys,
--surplus of 91-120,000 zlotys--tax of 10,800 zlotys plus 14 percent of the sum over 90,000 zlotys,
--surplus of 121-150,000 zlotys--tax of 15,000 zlotys plus 15 percent of the sum over 120,000 zlotys,
--surplus of 151-180,000 zlotys--tax of 19,500 zlotys plus 16 percent of the sum over 150,000 zlotys,
--surplus of 181-210,000 zlotys--tax of 24,300 zlotys plus 18 percent of the sum over 18,000 zlotys,
--surplus of 211-240,000 zlotys--tax of 29,700 zlotys plus 22 percent of the sum over 210,000 zlotys,
--surplus of 241-270,000 zlotys--tax of 36,300 zlotys plus 26 percent of the sum over 240,000 zlotys,

--surplus of 271-300,000 zlotys--tax of 44,100 zlotys plus 31 percent of the sum over 270,000 zlotys,
 --surplus of 301-330,000 zlotys--tax of 53,400 zlotys plus 36 percent of the sum over 300,000 zlotys,
 --surplus of 331-360,000 zlotys--tax of 64,200 zlotys plus 42 percent of the sum over 330,000 zlotys,
 --surplus of 361-390,000 zlotys--tax of 76,800 zlotys plus 48 percent of the sum over 360,000 zlotys,
 --surplus of 391-420,000 zlotys--tax of 91,200 zlotys plus 54 percent of the sum over 390,000 zlotys,
 --surplus of 421-480,000 zlotys--tax of 107,400 zlotys plus 60 percent of the sum over 420,000 zlotys,
 --surplus of over 481,000 zlotys--tax of 143,400 zlotys plus 65 percent of the sum over 480,000 zlotys.

4. Exempt from the agricultural tax are new farms for a period of 3 years and lands bought for the purpose of farm expansion, for a period of 1 year.

5. Reliefs in agricultural tax are granted on the basis of:
 --farm investments--to 25 percent of the insurance value of the new building (determined by the PZU [State Insurance Bureau].
 --investments in water irrigation--to 25 percent of the financial outlays.

6. Lands situated in mountainous and foot-hill regions of I-III class pay 50 percent of the agricultural tax and in IVa-VI class--25 percent of this tax.

| Districts | Farming lands | | | | | | | | Fodder producing lands | | | | | |
|-----------|---------------|-----|------|------|-----|-----|-----|----|------------------------|-----|-----|-----|-----|----|
| | Class | | | | | | | | Class | | | | | |
| | I | II | IIIa | IIIb | IVa | IVb | V | VI | I | II | III | IV | V | VI |
| I | 512 | 488 | 438 | 378 | 300 | 225 | 150 | 83 | 436 | 388 | 325 | 213 | 100 | 38 |
| II | 475 | 438 | 400 | 338 | 275 | 200 | 125 | 50 | 425 | 350 | 300 | 188 | 88 | 38 |
| III | 438 | 400 | 363 | 313 | 250 | 188 | 113 | 50 | 388 | 325 | 275 | 175 | 88 | 38 |
| IV | 400 | 363 | 338 | 288 | 225 | 163 | 112 | 38 | 350 | 300 | 250 | 150 | 75 | 25 |
| V | 350 | 325 | 300 | 250 | 200 | 150 | 100 | 38 | 325 | 263 | 225 | 138 | 63 | 25 |

12270
 CSO: 2600/917

UTILIZATION OF POLISH SPECIALISTS ABROAD DISCUSSED

Warsaw RYNKI ZAGRANICZNE in Polish 10 Mar 83 p 8

[Article by Maciej Tekielski]

[Text] One of the most important elements in the strategy for developing our economic relations with foreign countries in the 1980s is increased collaboration with developing countries. Their share in Polish foreign trade is approximately 10 percent, which is regarded as the optimum level in our present economic conditions. Development of wider exchange with these countries requires many diverse steps, including changes in the structure of our export system. Such changes should be accompanied by appropriate modifications in the production sector so that it would be better adapted to the very diverse and specific requirements of individual countries. This also necessitates a selective, differential approach to trading partners, as well as consideration of their needs and possibilities. However, the basic conditions that are to some degree a prerequisite for planning of increased exportation to these markets can be reduced to two: the possibility of granting credits, and expanded promotion of exports.

The first condition is extremely difficult to fulfill, if not impossible. In regard to machinery and industrial products (and these items are primarily what we export to the Third World), the developing countries expect very convenient credit terms; a 12-year period is considered a minimum. It is understandable that in the present payments situation there is little room for maneuver in this area.

The second condition is in large measure also a question of financial possibilities. Economic promotion in these countries is extremely expensive, if only because of their remoteness. The old business principle--in order to gain profits one must first invest--has not only not become outdated but, one can say, is becoming ever more relevant. Various types of promotional shows are held. The PIHZ [Polish Chamber of Foreign Trade] sponsors an average of 5-6 exhibitions in international fairs every year, and in addition some 20 PHZs [foreign trade enterprises] participate individually in fairs and exhibitions. This is the proverbial drop in the bucket. If we were able to promote our products extensively, not in the entire Third World, but, say, in North Africa, we could consider this a suitable preparation for increased involvement in these markets. Diplomatic and commercial posts can perform

these functions only to a limited extent, particularly in view of the fact that in a time of necessary currency savings their number and staffs are more often reduced than augmented.

Because of this relatively weak and shallow penetration of Third World markets, our knowledge of the economic, social, cultural and other problems of these countries is unsatisfactory, and yet these are also factors that facilitate commercial expansion. However, it is much more difficult for us to establish contacts than it is for the former mother countries, which have usually close ties with their previous colonies.

Thus, it is necessary for us to operate in the Japanese manner, except that we can replace financial capital (which is not in such meager supply in Japan as in Poland) only with human capital. And here we come to the potential role of our specialists working abroad. For they are not only an "export commodity" for which we receive a more or less decent price, but also "capital" that can and should yield dividends.

Amount of Capital

At present nearly 4000 Polish specialists are working abroad in accordance with the terms of agreements made with foreign contracting parties. These people are employed on the basis of resolution 113/78 of the Council of Ministers; besides them, about 5000 other people have been sent to work abroad, mainly by Pagart. Among them are some 500 individuals who are sponsored as exchange students by the MNSzWIT [Ministry of Science, Higher Education and Technology]. These figures do not include, of course, the tens of thousands of Poles employed in neighboring states, chiefly in border regions, and the teams engaged in various investment and construction projects in many countries. To the 4000 specialists presently working abroad should be added the approximately 10,000 people who have returned to Poland from contracts of this type.

Altogether, then, our capital consists of tens of thousands of people who are living or who have lived in some 60 countries, mainly in the Third World. The vast majority of them are highly skilled (more than a fifth are instructors at institutions of higher education), and they perform many important functions in the administration, school system, industry and commerce of numerous countries. Through these activities they mold, either consciously or unwittingly, our partner's opinion about the advisability of political, economic and commercial contacts with Poland.

Occupation and Geographic Structure

Let us take a closer look at the occupational background and geographical distribution of our specialists on the basis of Polservice data, which cover over 35000 people who are presently living abroad. The predominant group comprises technical occupations--nearly 1300 individuals, among whom are 240 mechanical engineers, 230 civil engineers, about 130 each of architects, urban planners and electrical engineers, and 115 geodesists. The second largest group consists of instructors and scientific workers--775 persons, the majority

of whom (580) represent the exact sciences. Slightly fewer are representatives of the public health service (about 760 persons), and in addition more than 30 veterinarians. The group of seamen of various specialities is also relatively large (375). The other occupations are represented in much smaller numbers. For example, we have about 20 economists, as well as 30 representatives of agricultural and related occupations.

Leaving aside the seamen, who are employed by 45 shipowners in some 14 countries, the great majority of our specialists work in developing areas--2920 out of 3150 persons (93 percent). For example, of the 775 instructors and scientific workers only a dozen or so work in highly developed countries.

As far as the distribution of our specialists in individual nations is concerned, most of them work in Libya (805), then in Algeria (582), Morocco (305), Iraq (153), and Zaire (113). Next come Austria (93 persons, which is the exception confirming the rule), Tunisia (68), the United Arab Emirates and Kuwait (40 each), and Mexico (37). The remaining specialists are scattered throughout dozens of countries, including even Iceland and Haiti. To all intents and purposes, one can say that our specialists' area of operations is the Third World countries.

Direct Benefits

Currency revenues derived from employment of Polish specialists abroad (at an employment level of 4000) can be estimated at about 30 million dollars per annum, together with the savings of this group of people, of which a considerable part goes to the PKO Bank, Baltona and Pewex.

The demand for specialists is on a constantly high level. This is due to the implementation in many developing countries of developmental programs, which they cannot carry out solely with their own meager personnel. For example, the demand for experts in the field of construction and allied industries, for instructors from all types of institutions of higher education (with the exception of economic and political institutions), and for physicians (primarily surgeons, anesthesiologists, gynecologists and pediatricians) is practically unlimited.

Likewise, there is a considerable supply of specialists. The fact that Polservice has registered over 4000 candidates (nominated by their departments) for work abroad indicates a surplus of staff specialists with a higher education.

Taking this into consideration, there are possibilities of increasing the number of experts employed abroad at a rate of approximately 30 percent annually, i.e., doubling their number within 3 years and thereby doubling direct currency revenues. Both these revenues and the indirect benefits, principally in the form of promotion of Polish exports, could be much greater.

The binding regulations assume the specialist's passive role in collaborating with the host country, and create only a mechanism for administering the system for handling matters connected with the departures of the nominated

individuals. Neither the employers of the delegated specialists nor the departments have an interest in maintaining contacts with them, since they do not derive any financial benefits therefrom. Neither does Polservice have an incentive to encourage and implement wider initiative on the part of specialists, as this is not connected with any benefits for the enterprise.

Need for New Solutions

There is a need to create a new system for employing Polish specialists abroad and to make an appropriate change in the regulations that will specify the tasks of individual units and that will create suitable incentives to utilize knowledge and experiences for the purpose of fostering relations with foreign countries. Above all, the activity that presently consists of assigning and sending specialists to work abroad should be changed into a means of providing consulting services. The emphasis of canvassing activities should be not so much on finding a place of work at all costs but on finding a suitable foreign partner who will pay well for the services rendered by our exporter.

The most important element in this system should be the undertaking of promotional initiatives by the specialists and information to be submitted by them in order to fashion an optimal commercial policy in the given market. A system of questionnaires, conducted by Polservice, on the possibilities of fostering trade with developing countries should help meet this objective.

It is more essential, however, to introduce appropriate motivational factors into the system. In regard to the specialists, they could take the form of compensation for documented contribution to the signing of an export contract, i.e., in the form of temporary or complete exemption from payments to the enterprise collecting them. The enterprise organizing foreign assignments of specialists would receive compensation for loss of these payments and for costs connected with them in the form of a commission from the enterprise signing the export contract arranged by the specialist.

Compensation for any losses borne and for any benefits to the specialist could also be received by his mother company in Poland. In view of the strong motivational effect of currency allowances, one might consider whether or not the enterprise sponsoring a specialist for a foreign assignment should get a percentage of the payments that he sends to the firm organizing his trip abroad (Polservice).

Finally, the third important element in the new system for employing specialists should be greater attention to the proper use of specialists' professional experiences and contacts with prominent figures in the economic life of developing countries. Polservice has a computerized system for selecting candidates for specialists; experts who were on foreign assignment in the past should also be included in it. One can then imagine a situation where an enterprise preparing to fulfill a construction contract in a specific country, particularly a little-known country, will find in Polservice's bank of experts an instructor, say, who lived there several years before, and will use him as a consultant on a temporary basis or for the entire duration of the contract. In developing an appropriate motivational system, a certain

compensation could be given to the owner of the bank of experts and to the specialist's employer. What is most important, however, is that the specialist's fund of knowledge and experience gradually increase, thus benefitting all interested parties. With such an approach, the specialist would have an additional interest in furthering his knowledge of the given market, since he would be aware that he could profit from this knowledge in the future.

Such a system should be comprehensive and include all organizational aspects, beginning with determination (several years in advance) of the number, professions and qualifications of the people who can be employed abroad without detriment to the national economy. Knowledge, experience and organization have never been a highly valued production factor in our country. In the present situation of shortage of other factors, we cannot afford to underestimate them. We should therefore make every effort to use this valuable potential to maximum advantage.

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