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East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

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8 February 1985

EAST EUROPE REPORT

ECONOMIC AND INDUSTRIAL AFFAIRS

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INTERNATIONAL AFFAIRS

U.S. TRADE POLICY TOWARD CEMA COUNTRIES DISCUSSED

Warsaw POLISH FOREIGN TRADE in English No 4, 1984 pp 26-27

[Article by Teresa Radzimska]

[Text]

The trade relations between the United States and the countries of the Council of Mutual Economic Aid were formulated since the beginning of the present decade under a prevailing influence of political considerations. It is also worth mentioning that this country's involvement in economic collaboration with the socialist countries was relatively small. Even in the year 1979, which was the best, only 3.2% of American exports were directed to the European CMEA countries, and only 0.9% of total American imports were sourced from them. Thus the United States administration can manipulate the trade policy in this field and subordinate it to "higher" aims without having to reckon with the opinion of native manufacturers or consumers (with the exception of the influential farmers' lobby). **The principal motto of trade policy employed by President Reagan's administration in relations with the CMEA countries became the thesis that the East-West economic relations must not add to further growth of the strategic and military potential of the "communist camp".** According to the opinion of the American administration, the socialist countries gained considerable unilateral advantages from trade with the West in the 'seventies. They had at their disposal cheap credit facilities, they were sold the most up-to-date technology and supplied with subsidized grain. The politicians of the United States often disregard the facts, confirmed by their own economic experts and proving that their economic relations with the East were also advantageous for the Western countries, including the USA. The socialist countries were for them important complementary markets (concerning mainly the agricultural produce), whereas the positive trade balance with the East maintained by most Western countries was undoubtedly an element stabilizing the demand, particularly in the periods when the home demand showed a tendency to drop.

The policy of crediting the purchases made by the socialist countries was no exception, it fitted in the framework of principles accepted in the world trade and took place in the years of capital boom related

to the growth of petroleum prices and notable increase in the amount of free currency looking for attractive investment. Thus to speak of unilateral advantage is an evident misunderstanding.

The American administration, knowing full well that the effects of single activities cannot be satisfactory, undertakes serious measures aimed at the unification of the Western world's trade policy in relation to the socialist countries. As proved by experience of the past years, these activities are viewed rather unfavourably by the governments of other countries (particularly of the Western Europe) who wish to have a relative freedom in the shaping of their economic relations with the East. This is so because for Western Europe the CMEA countries are far more important markets than for the USA.

EXPORTS CONTROL

The most important component of the restrictive policy of the current American administration in relation to the CMEA countries as regards exports is the intention to limit to a maximum extent the sales to the Eastern block of more modern products and technical know-how. With the use of strategic arguments, President Reagan's government wishes to create a technological gap between East and West, which would without doubt cause the change in the configuration of power in the world.

A wide field of manoeuvre in this regard is created for the administration of the United States by the local legislation. Although the Export Administration Act of 1979 gives to export sales made by American companies and citizens a high priority, it also guarantees for the administration the right to control exports from the point of view of the state security and concurrence with the foreign policy. Thus the American department of trade is by this act obligated to set forth together with the defence department the extent of export control with the view to security, and to ensure the concurrence of trade policy with the foreign policy of the administration, in agreement with the Department of State, whereas the President of the United States has a decisive vote and is authorized to impose partial or total embargo on condition of proper justification of his decisions to the Congress.

The limitation or complete ban of exports may be of a general nature, or pertain to certain groups of countries only. Thus the European countries of the CMEA were in accordance with the detailed regulation of the Act, divided into the following categories: Q — Rumania, W — Poland and Hungary, Y — Albania, Bulgaria, Czechoslovakia, GDR and the USSR. It is estimated that the policy applied to countries of the Q and W groups was slightly less restrictive than that applied to group Y. The United States introduced additional important limitations of exports to the Soviet Union and in June 1982 also initiated serious restrictions of exports to Poland.

Even during the term of President Carter were introduced, under pressure from the department of defence, more strict criteria for sales of licences to the CMEA countries. In the early 'eighties the

aforesaid department prepared a list of the, so called, critical technologies, including 16 fields of modern technical progress (such as microprocessors, laser technique, navigation systems, control systems, etc.). The concept of American administration is aimed at the replacement by this list of the list of goods in force up till now.

Of course, the United States are fully aware — as emphasized above — that the effectiveness of their policy depends upon the introduction of similar control of exports to the socialist countries by other industrial countries of the West. Hence the marked intensification of US activities in the framework of COCOM (Co-ordination Committee on the East-West Trade Policy). Following the initiative and pressure of American administration, there was held in January 1982 a session of COCOM at a high (ministerial) level. As a result, there followed for the first time since 10 years a tightening of control of exports to the socialist countries from the countries belonging to the Committee (all NATO countries with the exception of Iceland and Japan). The joint lists established by COCOM include at present 145 items — out of which 23 are equipment for nuclear power stations and 101 — machinery, equipment and materials for civil production.

Of purely political and not strategic nature was the introduction by President Carter of the embargo for grain sales to the Soviet Union the early 'eighties, cancelled by Ronald Reagan three months after his coming into power.

Similarly to the grain affair, a fiasco was also the attempt at blocking by the USA the construction of the Siberian pipeline, which was a compromitaton of a kind of the policy of American administration. This happened, among other reasons, because of the partners of the United States, who proved averse to breaking the previously concluded contracts with the USSR. The EEC countries even went as far as to protest officially in August 1982 against the extritorial aspect of United States' sanctions (ban on sales of equipment for the pipeline by the European subsidiaries, and also by enterprises manufacturing on the basis of technologies purchased from the USA). After an outcry lasting for a few months, President Reagan's administration finally recalled the sanctions (in November 1982), and the losses suffered in connection with this affair by American enterprises and their subsidiaries are estimated at some 2.2 billion dollars.

CREDIT LIMITATIONS

The credit policy employed by the USA in relation to the CMEA countries, being de facto an important part of trade policy, is no more favourable to the development of East-West relations. According to American law, only the countries possessed of the "most favoured nation" clause may apply for government credits. Thus this chance is denied to the Soviet Union, GDR, Czechoslovakia, Bulgaria and also — since October, 1982 — Poland. The right to obtain American government credits have only Rumania and Hungary, and it should be added that in November 1982 the Export-Import Bank (the principal state institution collaborating in the financing of commercial transactions) stated that it would not accept no credit programmes for Rumania in view of the deterioration

of payment reliability of this country. Thus, practically only Hungary may apply for American credits, but they do it very cautiously.

The very fact of refusing to grant credits to the CMEA countries was not sufficient. The American administration wished other Western countries to follow their lead. The programme of credit embargo, encouraged by the USA and aimed at the USSR, included — among others, the following proposals: stopping the subsidizing by the governments of interests on export credits, freezing new government credits, stopping governments guarantees as regards credits given by private financial institutions and also raising the interest on government credits. However, such far-reaching unification of credit policy was not achieved because of West European protests. As a result of this action lasting for a few months, the United States only obtained agreement of their partners regarding exchange of information on credits granted to the Soviet Union.

On the other hand, in June 1982 was done — at the initiative and under a strong pressure from the USA — an agreement of minimum interest on official export credits in the framework of the OECD, whereas the agreed interest was made dependent upon the level of economic development of the country concerned (per capita value of the GNP). According to this agreement, the Soviet Union, GDR and Czechoslovakia were classified as fairly rich countries (per capita GNP over 4 thous. dollars), and the remaining European countries of the CMEA were placed in the medium category (per capita GNP within the limits of 680–4,000 dollars). As a consequence, on the strength of this agreement the EEC countries increased the interest on government credits granted to the USSR, GDR and Czechoslovakia by 1 point, i.e. from 11 to 12 per cent on credits granted for 2 to 5 years, and from 11.5 to 12.5 per cent on 5–8.5 year credits.

BARRIERS FOR ACCESS TO US MARKET

The position and competitiveness of various CMEA countries upon the American market is quite considerably influenced by their being granted (or refused) by US authorities the "most favoured nation" clause. According to the GATT principles, all countries being members of this agreement should grant one another the status of the most favoured nation. American law, and specifically the Trade Act of 1974, provides, however, for certain exceptions of these rules. According to the Jackson-Vanik amendment to the act (the name is derived from the names of two senators who sponsored the project), the United States refuse to grant the most favoured nation clause to these countries of "non-market economy" which — according to Washington opinion and terminology — employ the "restrictive emigration policy" as regards their citizens.

Poland, having already had the most favoured nation clause at the moment of the act of 1974 being voted, preserved it — initially as the only CMEA country. Subsequently, in August 1975 and July 1978 the American Congress granted, upon the President's motion, the most favoured nation clause to Rumania and Hungary. However, the Rumanian and Hungarian clauses have to be renewed yearly in

accordance with the American law, this fact introducing considerable uncertainty into mutual trade relations. It is known, for instance, that in 1982 the American administration threatened Rumania with a withdrawal of the most favoured nation clause in connection with the employed emigration policy (required payment of the cost of education by the leaving citizens).

The suspension of the most favoured nation clause for Poland, which took place on the 27th October 1982 and had an obviously political nature, was formally justified by the USA using the pretext that Poland failed to fulfil its obligations with the framework of GATT, and specifically to keep the promise given by our country at the moment of acceding to GATT in 1967, that our imports from GATT member countries would grow by at least 7 per cent annually. This argument is controversial and rejected by Poland.

Rumania is the only CMEA country which has the status of a "developing country" according to the 1974 act, its per capita GNP being below the specified ceiling. It is a member of GATT and IMF, and has the status of the most favoured nation. In consequence the exports to the American market of many product groups is completely duty-free. This fact played, without doubt, a considerable role in the development of Rumanian exports to the USA, the amount of which in 1983 exceeded the sum of sales made by the remaining European CMEA countries (excepting the USSR).

The nature and means of the United States trade policy employed of late in relation to the CMEA countries as described above, could not but influence the forms of mutual trade. After the year 1979, when the USA-CMEA trade was at its peak (7.5 billion dollars), their amount started to drop fast, with the exception of the year 1981, to amount in 1984 to 4.2 billion dollars only. It should be added that also on the part of certain CMEA countries there were some unfavourable factors in the development of trade with the United States, such as limited payment capability, weakened rate of economic development and reduction in capital investment programmes.

CSO: 2020/47

CZECHOSLOVAKIA

LOSSES CAUSED BY WATER, WIND EROSION OF SOIL

AU221109 [Editorial Report] ZEMEDELEC, the Supplement to Prague ZEMEDELSKE NOVINY in Czech of 16 January 1985, carries on page 1 a 1,000-word article by Professor Engineer Dusan Zachar, Doctor of Sciences, corresponding member of the Slovak and the Czechoslovak Academies of Sciences, and Laureate of the National Prize of the Slovak Socialist Republic, entitled "A Serious Problem for the Further Development of Agriculture; Water Erosion Makes Us Kcs 9 Billion Poorer Annually."

Zachar says that in the CSSR, water and wind erosion endangers some 41.6 percent of agricultural land and has, thus far, phased out some 360,000 hectares of land from intensive use. Converting the land losses in terms of production losses of agricultural crops in the individual categories of the eroded soils, it can be seen that the average losses in plant production caused by erosion in the CSSR total about 15 percent, of which 11.6 percent are in the Czech Lands and 21.1 percent in Slovakia. With average gross plant production valued at Kcs40 billion, these losses would amount to Kcs6.1 billion--Kcs40 billion in the Czech lands and Kcs3 billion in Slovakia.

Zachar then goes on to say that seasonal losses caused by water erosion CSSR-WIDE are estimated as follows: Damage to crops, Kcs150 million; to soil, at least Kcs300 million; and through loss of agrochemicals, Kcs 2 to 2.5 billion annually. Further losses arise through polluting rivers, silting-up river beds, channels, water reservoirs and so forth, the result being that the overall financial losses caused by water erosion in the CSSR amount to about Kcs9 billion annually.

Wind erosion, too, causes great damage to the country's agricultural sector. The damage to agricultural crops alone amounts to Kcs2,500 per hectare annually.

Comparing the erosion processes in the past and in the present, Zachar continues, one sees that the overall intensity of erosion is gradually increasing. However, compared with the recent past, the nature of the erosion phenomena arising from economic conditions and the manner in which soil is being utilized, is changing. While in the past soil erosion was mainly caused by an incorrectly laid out transportation network, by atle grazing, burning off vegetation and so forth, the erosion which predominates at present is caused mainly by large-area cultivation, incorrect plant growing techniques, increased doses of agrochemicals, and the pollution of soil through industrial emissions, Zachar says.

CZECHOSLOVAKIA

FARM MANAGERS COMPLAIN ABOUT MACHINERY SUPPLIES

AU211204 Prague TRIBUNA in Czech No 3, 16 Jan 85 p 6

["Zek-JC"-signed survey of agricultural managers' answers to the question: "Does the Present Supply of Agricultural Machinery, Technology, and Spare Parts Meet the Needs of Your Enterprises?"]

[Excerpts] Josef Charousek from the Bila United Agricultural Coöperatives: No, it does not. We feel a tangible shortage of machinery for use on slopes. Let us consider, for example, the harvest of fodder crops. We have to work the slopes by hand because no one has offered us any machinery for mowing, let alone turning or even transporting fodder from such a ground. I will not even mention the possibility of mechanized application of fertilizers in hilly terrain.

But we do not even have all the necessary machinery for tilling soil. We are even short of basic means such as plows, harrows, sowing machines, and tools for tilling. A similarly negative impact on our work is caused by the shortage of special machinery for harvesting corn and beets; we are short of grooved rollers and of loaders. I could cite a number of other examples making it even clearer where machinebuilding is our great debtor.

If I add to this the shortage of spare parts, the whole problem becomes even more complicated. We are utterly dissatisfied with deliveries. A lot of time and fuel is wasted in shopping for spare parts in specialized warehouses. Moreover, a number of spare parts is permanently unavailable and it is pointless to go and search for them anywhere: rubber parts for milking machinery, gaskets for some hydraulic systems, blades for cutters, or spare parts for machinery imported from Poland. I have mentioned only some such spare parts, but their number is much bigger.

Bohumil Sulc from the Cesky Dub United Agricultural Cooperative: If I am to give you an accurate answer, I must start by enumerating the types of machinery that our united agricultural cooperative--but, I am sure, not only our agricultural cooperative--is short of. Harrows of all kinds, sowing machines for single-seed sugar beets, grooved rollers, turning plows of all kinds, good quality harvesting machinery for sugar beets, high performance turners for fodder crops, machinery for handling straw, good quality weeders, fertilizer scrapers, sprayers for grain, hops, and vegetables, machinery for gathering or crushing rocks, small tractors, and so forth. I do not want to bore you,

the list would be long and naming everything that we need and which, so far, no one has offered us in sufficient numbers will certainly solve nothing.

We want to work as efficiently as possible. That is natural. It is a task of the entire national economy and thus also our task. But we do not have technology and machinery that would help us save manpower, raise performance, cut losses, and conserve power and fuels. There can be no doubt that labor organization and management play a big role. But it is difficult to manage and difficult to ask people to show more initiative if we are unable to ensure adequate equipment for them.

There is a shortage of spare parts. That is general knowledge today. And the specialization of the spare part warehouses of the Agrozet national enterprises is no asset for us. Transport costs are growing and so are the demands placed on our employees' time. No, specialization is definitely no solution...

Our problems with spare parts are biggest at the time of crucial agricultural chores when defective machines must be put back into operation as soon as possible. And the problems with spare parts for milking and refrigerating equipment appears to be eternal.

Jindrich Skarka from the Podlesi United Agricultural Cooperative: We operate in a submountainous area and specialize in cattle breeding. The current structure of machinery does not fully correspond to our requirements. There is a shortage of a fairly large amount of machinery, particularly tractors for hilly terrain, suitable fertilizer distributor spreaders, and machinery for transporting bulk fodder. Our agricultural cooperative uses for this purpose machinery with lesser slope-climbing ability, thus exposing its members to unnecessary risk. As far as field work is concerned, plows, sowing machines, and high-pressure hay balers are either unavailable on the market at present, or are being supplied only in limited numbers. Producers of self-propelled cutters must improve their quality. As regards technological equipment, our enterprise is short, above all, of full-portal gantry cranes for storing bulk fodder. Livestock production has also long been asking for flow meters to be attached to every milking machine.

Another weak spot of technology in livestock production concerns automated concentrated feed dosers.

The limits earmarked for the purchase of machinery are low and for a number of years now have not permitted even the mere replacement [of worn out equipment]. The constantly increasing prices of agricultural machinery, too, are too high in proportion to the prices of agricultural products and the enterprise does not have enough financial resources for new, expensive machinery.

Supplies of spare parts are satisfactory, with the exception of spare parts for imported and special machinery. However, the warehouses with spare parts are too far from our united agricultural cooperative.

CSO: 2400/225

CZECHOSLOVAKIA

OBZINA ARTICLE ON CEMA R & D COOPERATION

AU181815 Bratislava PRAVDA in Slovak 17 Jan 85 p 3

[Article by Jaromir Obzina, CSSR deputy premier and chairman of the State Commission for Research and Development and Investment Planning: "The Key Significance of Cooperation With CEMA Countries in Research and Development;" capitalized passages published in boldface]

[Text] THE CONTENT AND ORIENTATION OF OUR SCIENCE AND RESEARCH AND DEVELOPMENT POLICY ARE FORMULATED IN UNITY AND MUTUAL LINKAGE WITH THE BASIC TARGETS AND TASKS OF THE CPCZ'S AND THE SOCIALIST STATES'S SOCIAL AND ECONOMIC POLICY. TWO MAJOR PROGRAMMATIC DOCUMENTS WERE APPROVED IN SEPTEMBER 1984 WHICH LAY DOWN THE CONTENT AND ORIENTATION OF OUR POLICY IN THESE AREAS FOR THE NEXT 10 YEARS AND, IN SOME RESPECTS, FOR THE PERIOD UP TO THE YEAR 2000. THESE ARE THE "BASIC TRENDS OF THE ECONOMIC AND SOCIAL DEVELOPMENT OF THE CSSR UP TO 1995" AND THE "MAIN TRENDS OF THE DEVELOPMENT OF SCIENCE AND TECHNOLOGY UP TO 1995."

In the interest of speeding up the dynamism of national income and its resources earmarked for improving the structure of the national economy, for enhancing the defense capability of our country, and for personal consumption, these documents focus attention on reducing the fuel-, power-, and raw material-intensiveness of the national economy, making efficient use of investment capital, and raising the quality and technical standards of products. We pay great attention to the question of ensuring good quality food products and to the volume, selection, and quality of industrial consumer goods. In satisfying rational needs for foodstuffs, we want to get close to full self-reliance, not only by way of further production growth but predominantly by cutting losses and making the most efficient use possible of the entire output of our plant and animal production. We will also continue to improve the standard of housing and public services. Growing care will also be devoted to the solution of weighty issues concerning the living environment and a rational use of natural resources.

These are formidable tasks. They place, and will continue to place, ever growing demands on all stages of the reproduction process, particularly on science, development, and production. To ensure as comprehensive and as efficient a solution of these tasks as possible, wide-ranging work of a programmatic nature was initiated after the 16th CPCZ Congress, work that resulted in the two fundamental documents mentioned above. This work contains a target-programmatic

elaboration of designated ranges of problems. These encompass, above all, the FUEL-POWER PROGRAM, THE COMPREHENSIVE PROGRAM OF INTRODUCING ELECTRONICS INTO THE NATIONAL ECONOMY, THE PROGRAM OF DEVELOPING BRANCHES ENSURING FOOD SUPPLIES TO THE POPULATION, AND THE COMPREHENSIVE PROGRAM OF DEVELOPING BIOTECHNOLOGICAL PROCESSES. FOLLOWING UP ON THESE PROGRAMS ARE THE HOUSING POLICY CONCEPT AND THE STATEWIDE CONCEPT OF SHAPING AND PROTECTING THE LIVING ENVIRONMENT AND MAKING A RATIONAL USE OF NATURAL RESOURCES. From the basic targets and tasks of these programmatic documents is derived a number of partial programs at statewide level or at the level of national republics-- the Czech Socialist Republic and the Slovak Socialist Republic.

The "Major Trends of the Development of Science and Technology Up to 1995" have been worked into a single comprehensive document. Prerequisites have thus been established for direct links among individual branches, for overcoming barriers between basic and applied research, and for their integral linkage regardless of the sector to which they belong. The attainment of the following four targets is the unifying element of all research-programmatic activities:

--A SUBSTANTIAL SHARE IN THE GROWTH OF THE SOCIAL PRODUCTIVITY AND ORGANIZATION OF LABOR,

--A SUBSTANTIAL SHARE IN THE GROWTH OF NATIONAL INCOME,

--REAL ECONOMIC AND SOCIAL CONTRIBUTION,

--ENHANCEMENT OF TECHNICAL AND TECHNOLOGICAL INDEPENDENCE OF THE MOST ADVANCED CAPITALIST COUNTRIES.

The intrinsic purpose of the entire work on programmatic documents is to bring about a high social effectiveness of the Czechoslovak national economy. Only if we succeed in achieving that goal will we be able to declare that the development of target-programmatic work as an integral part of the improved system of planned management of the Czechoslovak national economy has fulfilled its mission.

A prerequisite for fulfilling our targets in research and development as well as in the social and economic sphere is a purposeful, conceptual, and programmatic policy of comprehensive and close cooperation with the Soviet Union and other CEMA member-states. This political line of Czechoslovak foreign policy is of a general nature and of principled importance for the present and future development of the CSSR. This is the case not only because, for objective reasons, the CSSR has a limited scientific and research potential, which compels it to concentrate and multiply its resources through its active and broadest possible participation in the international socialist division of labor, but also primarily because we perceive the orientation toward the development of cooperation in science and technology as a programmatic line of the Czechoslovak-Soviet alliance and friendship and an irreversible principle stemming from our membership in the world socialist system and our active participation in implementing its historic mission.

The capacity of the Czechoslovak research and development base is made up of more than 180,000 scientists and technology experts. The standard of its

equipment and apparatus is reasonable [relativne solidni]. By allocating an average of more than 4 percent of national income expenditures for research and development, the CSSR ranks among the top ten countries in the world. As regards the involvement of the Czechoslovak research and development base in the international socialist division of labor, both multilateral and bilateral, there exist very persuasive figures showing that this involvement is wide-ranging and greatly benefits our society. We are convinced that this cooperation is also beneficial for our partners.

These are the figures:

--THE CSSR TAKES PART IN THE SOLUTION OF MORE THAN 90 PERCENT OF PROBLEMS AND TOPICS INCLUDED IN THE PLAN OF MULTILATERAL AND BILATERAL COOPERATION OF CEMA IN RESEARCH AND DEVELOPMENT;

--THIS MEANS ANNUAL PARTICIPATION IN THE SOLUTION OF AN AVERAGE OF 2,000 RESEARCH AND DEVELOPMENT TASKS ENSUING FROM ALMOST 200 INTERSTATE AGREEMENTS;

--EVERY YEAR, THE CSSR DISPATCHES SOME 10,000 EXPERTS TO CEMA MEMBER-STATES TO FULFILL ITS COMMITMENTS AND HOSTS APPROXIMATELY THE SAME NUMBER OF EXPERTS FROM THESE STATES;

--CZECHOSLOVAK ORGANIZATIONS HAND OVER TO THEIR PARTNERS IN THE CEMA COUNTRIES SOME 3,500 SETS OF SCIENTIFIC AND TECHNOLOGICAL DOCUMENTATION AND ACQUIRE FROM THEM ROUGHLY THE SAME NUMBER OF SUCH SETS EVERY YEAR.

Aside from direct savings in outlays for science and technology, this cooperation yields great effect in that it reduces production costs, increases profitability, and helps to bring about partial savings in investment costs and imports from capitalist states. This has a positive effect on producers as well as consumers. In recent years, Czechoslovak organizations have accumulated aggregate annual savings and effects [efekty] of approximately Kcs5 billion from international cooperation in science and technology.

Of exceptional importance for the Czechoslovak economy are, for example, the results of Czechoslovak-Soviet cooperation in nuclear power engineering. This cooperation has yielded invaluable findings for the Czechoslovak science and industry and has allowed the CSSR to rapidly train great numbers of experts capable of tackling exacting tasks and to become, within the framework of specialization and production sharing, one of the industrially most advanced states of the world producing and supplying main technological installations for nuclear power plants.

In accordance with the program of developing nuclear power plants in CEMA member-countries, the construction of nuclear power plants with VVER-110 and VVER-1,000 reactors is being planned in the CSSR whose total output will reach roughly 10,000 megawatts by the end of the century. Within the same period, the CSSR will produce for other CEMA member countries approximately 25 VVER-440 and VVER-1,000 reactor units for nuclear power plants. Aside from reactors, the Czechoslovak industry also supplies auxiliary circuits and corrosion-resistant apparatus for the primary circuits of reactors, turbine units, a number of types of pumps, pipes, and fixtures for the secondary

circuit, as well as measuring and regulating technology. The production of equipment for nuclear power engineering today represents values that are worth billions and has become one of the most important development programs of Czechoslovak industry.

In cooperation with the Soviet Union and other CEMA member-states, the CSSR takes part in further research in the area of nuclear power engineering, particularly in the development of nuclear power plants with fast, sodium-cooled reactors, which will permit improved utilization of nuclear fuel, consuming at least 50 times less fuel than the VVER light-water reactors. In keeping with the program of Czechoslovak-Soviet cooperation, some technological installations for fast reactors have already been developed in the CSSR. For example, the prototype of a Czechoslovak steam generator based on the sodium-water principle has undergone successful long-term tests on the BOR.60 experimental fast reactor in the USSR. The industrial production of these steam generators started with the production of a unit for the Shevchenko nuclear power plant in the USSR, equipped with a fast reactor of the BN-350 type having an output of 350 megawatts.

Extraordinarily good results have been achieved in the CEMA member-countries' cooperation in agricultural research and development. Traditionally good are, in particular, the results being achieved in breeding and cultivating new grain varieties, especially wheat and barley varieties. Cooperation permits the use of modern grading and computer technology in plant breeding and selection and results in increased per-hectare yields; in improved quality of grain from the viewpoint of protecting content, especially the content of lysine; and enhanced malt and fodder value of barley varieties. At the same time, information on genetics, the physiological essence of the yields of individual varieties, and their resistance to cold weather and diseases is being multiplied.

Within the framework of this cooperation, a number of Czechoslovak-bred varieties have been made available to other CEMA member-states where they are grown on large areas with great economic effect. For example, the "dvoran," "favorit," and "ametyst" varieties of spring barley are being grown in the Soviet Union; the "vynosny" and "topas" varieties of spring barley in Bulgaria; the "jara," "ovos," and "diadem" varieties of spring wheat and "ametyst," "favorit," and "rapid" varieties of spring barley in Romania; the "rena" variety of spring barley in the GDR; the "rapid" and "favorit" varieties of spring barley in Hungary; and the "jara" spring wheat variety in the Polish People's Republic.

On the other hand, the Soviet high-yield wheat varieties "mironovskaya," "yubileynaya," "ilichovka," and "enhanced mironovskaya" with 15 percent higher yields, and the Polish "grana" variety account for more than 50 percent of the area under grain crops in the CSSR. The "erfa" winter barley variety from the GDR, which yields up to 7 metric tons from each hectare, has had a great impact on the expansion of the area sown with winter barley in the CSSR. The results of cooperation [in plant breeding and selection] have played yields in the last 10-15 years. Newly bred grain varieties represent in the CSSR an average annual contribution of between Kcs800 million and Kcs1 billion.

Among the important successes of cooperation in recent years is undoubtedly the research, development, and introduction into production through specialization and production sharing of the Standardized System of Electronic Computers (JSEP) and the System of Small Electronic Computers (SMEP). Within the framework of this cooperation the CSSR has developed and produces, for example, the EC-1,021 and EC-1,025 computer systems (basic units); the SM3-20 and SM4-20 minicomputer systems; the SM51-13 minicomputer; the SM53-20 multi-computer system; the SM54-30 videographic processor; the SM54-50 logical processor; and almost 50 types of peripheral equipment, including, for example, magnetic tape stores with a control unit, contactless keyboards, T-100 mechanical teleprinters, floppy disk stores, and the EC-5,084 doubly floppy disk stores with recording capacity on both sides.

Examples of good results of cooperation could be cited from many other areas as well.

We can also assess as positive the fact that the mechanisms of CEMA cooperation in research and development are being steadily improved so that they correspond to the requirements of intensification and a greater efficiency of this cooperation.

The qualitative standards of cooperation have been raised due to measures such as the introduction of systematic planning of cooperation in research and development or the application of progressive forms of this cooperation, especially contractual cooperation on the basis of the Comprehensive Program of Socialist Economic Integration. The cooperation among member states in research and development thus constantly develops, deepens, expands, and improves, in the same way as the intra-state systems of managing, planning, and financing the national economy develop. Our primary aim is to have these systems, and the forms and methods of cooperation deriving from them, draw as close to each other as possible.

We approach science, research, and development policy on the basis of the ideotheoretical legacy of the classics of Marxism-Leninism and the knowledge acquired by the CPSU, fraternal communist parties, and the entire world communist movement. We draft it therefore as a policy that pursues the interests of the further socioeconomic development of our country and all countries of the world socialist system, and thus contributes to enhancing the authority of the international communist movement and the ideas of socialism and communism. In the contemporary world, the socialist society is the only form of society capable of ensuring man's progress, an all-round development of the personality, and the right of the human civilization to exist and develop further. Precisely these problems were in the focus of attention of the CEMA member-countries' summit conference on the economy in Moscow in June 1984. The conference assessed the results achieved in the development of the socialist community and mapped out the directions of further cooperation, aimed at an all-round development of our countries. An agreement was reached on measures that establish the prerequisites and possibilities for a dynamic growth of all CEMA economies on the basis of accelerated socialist economic integration.

As far as the area of science and technology is concerned, the proposal was approved to draw up a comprehensive long-term program of progress in research and development for 15 to 20 years. The conference decided that five priority directions of research and development would be designated that all countries regard as the main and decisive ones. These are:

- INTRODUCTION OF ELECTRONICS INTO THE NATIONAL ECONOMY;
- A COMPREHENSIVE PROGRAM OF AUTOMATING PRODUCTION, INCLUDING FLEXIBLE PRODUCTION SYSTEMS;
- THE DEVELOPMENT OF NUCLEAR POWER ENGINEERING;
- THE DEVELOPMENT AND ADOPTION OF NEW MATERIALS AND TECHNOLOGICAL PROCESSES;
- THE DEVELOPMENT OF BIOTECHNOLOGICAL PROCESSES.

A total of 28 main, comprehensive programs and 133 specific tasks are currently being prepared.

The CSSR has taken an active part in formulating these proposals, and continues to do so. The finishing touches are currently being given to a project of designated thematic programs concerning the international division of research and development work in CEMA, programs in which we will take part in the years to come. This surely does not mean that research and development in the socialist countries will not develop in other areas as well. But from the viewpoint of the aforementioned targets, we regard precisely these directions as decisive.

For the first time in the history of CEMA, prerequisites have thus been established for formulating and implementing a coordinated, mutually agreed, and, in some cases, unified science and research and development policy. This is a new phenomenon deserving our extraordinary attention. It permits the development on a large scale of target-programmatic work on an international level and the orientation of the creative endeavors of a great many scientists, researchers, designers, technicians, and workers toward the attainment of results that will correspond to, or even exceed current world standards. We pin great hopes on the Comprehensive Program of CEMA Member-States' Progress in research and development. With all resources of the CSSR's research and development base, we therefore want to make the greatest possible contribution to its successful preparation and implementation.

CSO: 2400/225

CZECHOSLOVAKIA

BRIEFS

CUBAN WORKERS IN CSSR--The best representatives of the approximately 5,500 Cubans--who are currently divided into 90 groups and are acquiring experience and helping in the fulfillment of economic tasks in Czechoslovakia enterprises --were feted for their results in the socialist competition of 1984 at a celebration of the 26th anniversary of the Cuban Revolution held on 5 January in the Gottwaldov House of Friendship. [Bratislava PRAVDA in Slovak 7 Jan 85 p 2 AU]

NUCLEAR POWER STATION TRAINING SIMULATOR--A training simulator for VVER-440 nuclear power stations went into operation in Trnava today. It will provide efficient quality training for nuclear power station personnel. This unique installation--the most up-to-date and so far the only one of its kind in CEMA countries--is capable of simulating the function of all the important systems of nuclear power station sets in normal, abnormal, and emergency situations under close to operational conditions. Vlastimil Ehrenberger, minister of fuels and power, said at the aktiv meeting in Trnava that the commissioning of the training simulator has created optimum conditions for the comprehensive implementation of the unified system of training nuclear power station personnel to a high technical and expert standard. He also emphasized that the dynamic development of nuclear power engineering demands that due attention continue to be paid to this whole sector. [Text] [Prague Domestic Service in Czech and Slovak 1500 GMT 21 Jan 85 LD]

CSO: 2400/225

HUNGARY

FALUVEGI WRITES ON ECONOMIC POLICY, FOOD INDUSTRY POTENTIAL

Budapest GAZDASAG in Hungarian No 3, 1984 pp 4-22

[Article by Lajos Faluvegi, deputy chairman of the Council of Ministers and President of the National Planning Office: "Timely Questions of Our Economic Policy and Possibilities for Foodstuffs Production"]

[Excerpt] The external conditions to be expected up to the end of the decade will continue to be hard. It can be imagined that a slow upturn will start in the capitalist world economy, but not in every region and not in every country. In the group of developing countries the economic dynamism will be concentrated on the Far Eastern countries. But the lack of Hungarian traditions in this area and the great distances greatly limit our economic opportunities.

The conditions for cooperation with developed capitalist countries may improve somewhat after the nadir in east-west relations--if the present recovery proves lasting. But in the traditional Western European trading partner countries of our homeland the economic growth, and thus the rate of import expansion, will be slower than the average and the competition posed by developing and moderately developed countries enjoying various advantages will be increasingly sharp. In addition we must reckon with protectionism. The carriers of the upturn everywhere will be those new products at the forefront of technical progress the ratio of which is small in our production. We can count on growth encouraging impulses for the Hungarian economy from this area only if our export performance improves substantially.

In the years ahead servicing the convertible accounting debt will continue to be a question of great importance, and how the possibilities for assuming credit develop. For a while yet we can continue to reduce the outstanding debt, and this will require an active foreign trade balance. We would also like to gradually increase the import of modern technology. It is clear from all this that in the years ahead we would like to assume credits of similar magnitude to those today. Whether we can get them and under what conditions we can get them will have a great effect on the rate of growth and on the level of domestic use. One of the most important conditions for this is that we keep alive the good international opinion which has developed about the balance improving ability of the Hungarian economy.

The CEMA contacts will continue to be determining in our development. About 50 percent of our trade is conducted with the CEMA countries, and the largest part of this with the Soviet Union. This ratio may increase somewhat in the future, but this does not depend on us alone. We must see clearly that the economic conditions in this area are changing and the requirements are ever greater. It will probably cause great trouble in the period ahead that it will not be possible, or hardly will be possible, to increase the import of fuels and important raw materials and that, under the heading of maintaining the present relationships, our partners will expect from us the delivery of even more foodstuffs and consumer goods. We must prepare ourselves for the fact that before long those of our machine industry products which are not competitive will be forced off the CEMA market also. We can protect ourselves against this only if we modernize our products--primarily our machine industry products--improve their quality and make deliveries on time, in a word if we increase their competitiveness. So progress in this latter area is an important interest not only of industry but of the entire economy.

It follows from all this that it depends primarily on us, on our accomplishments, whether our situation really improves or not. If we make more efficient the utilization of domestic factors of economic development then our sphere of possibilities will be expandable. In the interest of this, in the second half of the decade, we must further strengthen those aspects of the economic policy line followed since 1979 which have proven themselves and been lastingly effective. But we would like to adjust certain elements and emphases so that we might be more consistent and effective.

We want to put an improvement in efficiency in first place in the system of economic policy goals. In the recent period we had to assume efficiency losses in order to "stay on our feet" and increase the export commodity base; in the future--we profoundly hope--this will not be necessary. Structural changes in production can come more to the fore and we will be able to reduce expenditures and use the existing assets and manpower more rationally.

In the first place: Manpower resources will decrease in the first 3 years of the plan period, and will increase somewhat toward the end of it. More efficient employment of manpower, improving the productivity of labor, is one of the greatest reserves of our management, and we must exploit this on the basis of economic calculations--even force it a bit. We must prepare for the fact that each year 20,000-30,000 fewer people will be working in industry, so industry will be able to perform its tasks only if it increases the productivity of labor and improves organization. Many more people may be freed in the large agricultural operations and regrouped for industrial activity than we thought. This would strengthen the "background industry" and expand foodstuffs processing. This is also needed because development of the infrastructure and of services is becoming an ever more urgent requirement and will require more and more manpower.

In the second place: Fixed assets will increase to a relatively small degree, by 3-4.5 percent per year (primarily because of developments already begun).

In the years ahead we must put in the foreground those modernizing investments which are directed not primarily at a quantitative growth in fixed assets but rather at better use of existing capacity, at improving quality and at obtaining modern technology. This process will reflect back on the structural changes in such a way that the changes will take place not so much in the macro-structure of the economy but rather in the micro-structure of it.

In the third place: Since in the years ahead we cannot count on extra sources in energy deliveries, primarily in petroleum deliveries, and in a good number of raw materials--indispensable for us--it is important that we continue and renew the programs for rationalization of energy use and material conservation. We must push this despite the fact that we know that we have already uncovered the great majority of the reserves which can be mobilized most quickly and most easily, especially in energy use. But we must proceed on this path, because the alternative to the savings which can be achieved here is very expensive energetics investment and the import of materials which can be obtained only expensively and with difficulty.

The above requirements must illuminate every sphere of economic policy, and much must be deduced from this. Consolidating the balance will continue to be a stressed goal of our economic policy. What may represent a certain shift in emphasis is that we must turn the same attention to improving external and internal balance relationships, because these are interdependent with one another. Increasing export and improving domestic material supply and the supply of goods to the populace are simultaneous tasks which cannot be carried out without each other.

We can gradually increase the rate of economic growth somewhat, but only in harmony with two other requirements--improving efficiency and a strengthening balance. Vitalizing economic development is an important goal--not only an economic goal but a political goal as well. But we should not forget earlier lessons, for example that an upturn in the economy cannot be based on external resources!

We must distinguish two phases in the course of planning work. One is the period 1985-1987, the other is the period 1988-1990. Why just these two phases? On the one hand because according to experience conditions and goals cannot be tied rigidly to 5 year periods. On the other hand because we can see the first phase better, the aspirations and realistic goals of it resemble those of the present period more. 1985 and two of the years of the coming plan period will be spent on consolidation and gathering strength. But the nature of this phase will be different to the extent that we will be preparing, laying the foundations and beginning a new development. The further development of the economic guidance system--decided on by the April session of the Central Committee this year--will serve this. By modernizing the guidance system we want to create conditions which will help mobilize the existing, as yet unexploited energies of the economy.

Government authorities are now preparing organizing and implementing measures based on the position taken by the Central Committee. This is a program of several years, but we want to realize the great majority of the changes in 1985, and in such a way that the managing organizations will be able to develop their ideas for the beginning of the Seventh 5-Year Plan with a knowledge of the new conditions.

The Political Committee and the government not only accepted these two phases for further planning work but also approved three planning versions of equal rank--each indicating a characteristic developmental path. According to the first--let us call it the version promising "slow development"--national income may increase during the 5 year period by an average of 2-2.5 percent; according to the second version--promising "faster development"--national income may increase by 3-3.5 percent per year. If external conditions develop relatively favorably and if the internal economic work is effective--the version promising "slow development" is based on this hypothesis--we will be able to keep real wages at the 1984 level and increase investments slowly, increasing producing investments somewhat more. In the version promising "faster development" we can post goals even more favorable than this--real wages can increase by 1-1.5 percent and producing investments can increase more quickly. But the probability of this version is quite small, so that we must treat it very cautiously during distribution. We must also reckon with the "emergency version". We certainly want to avoid this version, but this does not mean that we should not prepare for every eventuality.

These, of course, are preliminary thoughts. As planning work proceeds other phases and rates may become justified. In any case our aspiration is to attain at least the middle version--as the Central Committee showed at its April 1984 session. This is the version in which growth will gradually accelerate noticeably, but balanced internally and externally and adjusted to the possibilities. This is something that society, and thus the political leadership too, can accept. But we still have much to do to create the conditions for this. We must make further progress in guidance, we must increasingly urge our enterprises on to better and more valuable performance and we must still conduct many difficult international discussions.

In this middle version the production of industry must increase by 2-3 percent per year, but what is much more important we must accelerate structural changes in production, technical development and the modernization of products. On this basis we must improve our competitiveness and must increase the convertible accounting export of industrial products at a rate greater than 3 percent per year. We are counting on a growth in the production of agricultural products of 1.5-2 percent per year and of foodstuffs industry production at a rate faster than this. Increasing the ratio of crop production in agriculture is a possible goal. The requirement and the aspiration is that the foodstuffs commodity base will increase by 15 percent in 5 years.

I cannot emphasize enough that very many external and internal conditions must be clarified before we can commit ourselves to this or that version. In addition

to the usual consultations with county council leaders and a few important enterprises, it is our intention to bring various interest protection and interest representation organizations and scientific bodies into plan preparation, into the work of developing a conception and into the debate of the chief questions--in contrast to the preceding plan period.

It is our aspiration with all this to become more open in the direction of society so that there will be a better understanding of what we want and what we can do, but also that we should get help in providing professional and scientific foundations for the plan. This sort of democratism of planning will enrich our political system and will be a phenomenon worthy of note even from the international viewpoint.

We want to prepare an economic policy which promises development in the years ahead. The first phase of long-range planning, which ended this year after almost 3 years of work, offers aid to this. This planning work, built on a broad social and scientific background, disclosed that the foodstuffs economy is for us an economic-strategic value which we must preserve and, indeed, strengthen further. The Hungarian economy cannot give up an exploitation of the favorable agro-ecological and biological potential and of the production capacity created already, cannot give up a strengthening of the foreign exchange acquisition ability of the foodstuffs economy. So it is justified that we examine separately what role agricultural production and the foodstuffs industry processing linked to it can have in development, to what extent the development of them may be a source of economic growth. There is a regional aspect to this question also. Bekes County is one of those regions which has and will have an especially important role in the longer range and more immediate realization of our tasks in foodstuffs production.

Even in the period of swift industrial development Hungarian agriculture preserved the position it occupies in the national economy, but in recent years its relative weight stabilized. But we should not forget that in the meantime the share of agricultural activity in the national income decreased and in recent years the international terms of trade for agricultural products in convertible accounting foreign trade developed very unfavorably.

Today agriculture and the foodstuffs industry processing its products produce one quarter of the national income and participate in export to about the same extent. The extent to which we can improve our external economic position in the second half of the 1980's, the standard of living of the populace, and the foundations on which we can build long-range social and economic development depend in large measure on increasing its productive capacity.

Let us examine our aspirations more closely--seizing on five larger spheres of questions. There certainly will be among them those which are not yet sufficiently matured, with which one can--and must--debate.

The First Question: Are We Exploiting the Agricultural Production Potential Well?

International comparisons prove that our agricultural production is still far from reaching such a high level that we need to cast doubt on the economical nature of further quantitative and qualitative development. At the end of the 1970's the yield of our crop production (at uniform producer prices expressed in dollars)--for one hectare of plow land, garden and plantation--stood in twelfth place in the list of European countries; the yield of our animal husbandry--for one hectare of cultivated area--stood in sixteenth place. On the basis of our conditions--natural conditions, the large scale production potential created and the small scale production linked to it--we should achieve a better position than this.

The swift rate of growth in agricultural production experienced in the 1970's cannot continue in the previous manner. In the earlier developmental phase the requirement was for every branch of agriculture to increase its production year by year. In the more intensive phase this will change to this extent, that there must be swifter development primarily of those branches and operations for the products of which there is a market demand which can be satisfied economically.

But it is in our interest to maintain the "variegated nature" of our agricultural production. But we must also consider it natural that one or another branch or operation will stagnate for a few years and perhaps be forced temporarily into the background. The essential thing is that the impetus of the marketable branches should be lasting! We must realize a structural accomodation in such a way that in the meantime agricultural and foodstuffs industry production should increase further.

It is true that, ranking according to net foreign exchange yield obtainable per hectare, wheat and corn did not reach the front rank of our agricultural products even at the 1981 foreign trade prices--the highest thus far--but still the production of grains is one of the most important branches of our agriculture. The sure and economical foreign exchange acquisition possibility thus far, the relatively high technical and organizational level achieved in production and the production enthusiasm of our farms all argue for prescribing an increase in grain production for the Seventh 5-Year Plan. By 1990 we must achieve grain production of 17 million tons--two million more than planned for this year.

The development of grain production and raising of hogs and poultry based on it cannot lead to a one-sided export structure. We should not forget about developing the gardening production branches or about the foreign exchange which can be acquired with raising ruminant animals--cattle and sheep.

According to a survey by the Hungarian Academy of Sciences the by-products of crop production which can be saved represent a source for more than two million tons of starch value and more than 100,000 tons of digestible protein content fodder. Materials suitable for feed also occur in organic materials of animal

origin and in the foodstuffs industry. The nutrient content of these by-products combined could provide feed for 250,000-300,000 tons of slaughter animals, and even then we have not taken into consideration the grass yields of natural meadows available as food for ruminants! We must exploit these possibilities a good bit more than today.

It is well known that in exploiting the potential for agricultural production and in realizing developmental goals adjusting to market needs we must always reckon with the activity of the small farms. The government intends to continue to aid their development, but organizing them and providing them with tools and services will place a growing task on the large agricultural operations also.

In the phase of intensive development the requirement is that agriculture be much more closely linked to the other sectors and branches of the economy; their development should be built on one another better, on the basis of common interest. Agriculture could play a much greater role than it does today in satisfying the raw material needs of such processing industry branches as the textile, leather, paper and chemical industries. In this way it might be possible to replace the capitalist import of more raw material and in this way, with the passing of a few years, we might achieve annual savings of 60-80 million dollars. It is true that the financial regulators do not encourage this in every area today. So the lesson speaks to us, those working in guidance, also. In the future the industrial branches manufacturing tools of production, those manufacturing packaging materials and the trade and service organizations must stick more closely to the market possibilities hiding in the development of agriculture. In the Seventh 5-Year Plan we will place a requirement before the machine industry to satisfy at least 50 percent of the agricultural machine needs, 70-75 percent in terms of variety. In the first place they must develop complex machine systems for production, harvesting, preserving and storage of the plow land crop cultures, of determining importance, but they should turn more attention to the development and manufacture of machines needed for harvesting and using by-products and for energy saving soil cultivation systems too. The greater agricultural orientation of Hungarian industry--of this and similar character--must be based on mutual interest. The receptiveness of the agricultural operations will strengthen only with an expansion of the supply of machines, equipment and industrial products which are more competitive in quality and price. In this regard the recently announced World Bank tenders offered much interesting experience.

The transportation branch also must prepare to adjust better than at present to the very important transportation needs of the foodstuffs economy because in this way we could avoid significant losses--which often appear in foreign exchange.

We must also count as a requirement of the intensive phase that we contribute to the satisfaction of the foodstuffs needs of the CEMA countries not only with the delivery of foodstuffs but also, to an increasing degree, we should offer for the successful realization of their foodstuffs programs the production procedures which have proven themselves here and we should deliver agricultural

and foodstuffs industry machines and equipment, seed, propagation materials and other tools of production. Preparation for cooperation of this sort must be raised to being one of our industrial policy goals.

If we are to increase the foreign exchange receipts which can be obtained with agricultural products and maintain and broaden our markets we must definitely improve the processing level and quality of foodstuffs. Thinking in terms of the short range cannot force into the background the long-range strategy that we should sell agricultural raw materials in an ever more processed state.

So in the years ahead we must make increased efforts to improve the competitiveness, modernness, economy and structural adaptability of foodstuffs processing. There are several ways to do this. Perhaps the most important of them is to develop manufacturing cultures which--adjusting to the possibilities--will create products which can be marketed economically with smaller supplementary investments, completing existing capacities and reconstruction.

Another method is to strengthen vertical cooperation between agricultural production and foodstuffs industry processing. This recognition is not a new one; we have been urging this for almost two decades. The development of vertical cooperation and integration must be accelerated on the basis of common interest in the contacts of the managing organizations. One condition for this is that the processing enterprises transmit the market impulses to the agricultural producers more sensitively than they have up to now.

The third method to improve the competitiveness of our foodstuffs products is to establish small and medium size foodstuffs processing plants in the large agricultural operations or in cooperation between the large agricultural operations and the processing industry enterprises. There are already 3,000 processing plants operating in the large agricultural operations, and their activity is expanding vigorously. They have an important role in processing meat, milk and gardening products. Their development will not only make possible an improvement in local foodstuffs supply, avoiding superfluous transportation and storage costs, but will also increase our foreign market chances, if we can deliver special products--in smaller lots.

Processing has a 48-50 percent share in the production value of the foodstuffs economy. Every percentage point change here means that we can obtain greater value from the agricultural raw material, foreign exchange equivalent to 50-60 million dollars per year, and can choose with more chances among the changing market possibilities. We can post as a very near goal increasing this ratio by 2-3 percentage points and in the 1990's we should reach 60 percent.

The Second Question: Does Agriculture Adjust to the Market Satisfactorily?

In the future--as it has thus far--the foodstuffs economy must contribute with an active export-import balance to the external balance of the national economy. This is not an easy task, because the end of the 1970's and the beginning of the 1980's were characterized by sharpening international market

competition. It is not expected that there will be a change in this in the near future.

One of the key questions of the performance ability of agriculture is how it adjusts to changing international market demand.

68-70 percent of foodstuffs production is directed at domestic use, 22-23 percent to convertible accounting export and 7-8 percent to ruble accounting export. These ratios differ in the chief products. The convertible accounting is characteristic in export of grain and meat; ruble accounting is characteristic in export of gardening products.

The world-wide recession and the accompanying protectionist isolation are making our access to the markets of developed capitalist countries difficult in an extraordinary manner. We must struggle with very sharp competition in the solvent developing countries also. We could assume a larger part in satisfying the foodstuffs needs of the CEMA countries, presuming that mutually advantageous agreements could be signed in regard to foodstuffs export.

In recent years we have been able to increase the export of foodstuffs year after year. Between 1979 and 1982--in 3 years--our dollar receipts obtained with agricultural products increased by about 40 percent, and our ruble receipts increased even more quickly. The slump on the world market for agricultural products took on a world scale in 1983, and this meant that sales prices fell and marketing possibilities narrowed.

Marketing conditions on the external market are most difficult today also. Signs of a market upswing are appearing in certain branches--for example in the marketing of slaughter poultry. We must be prepared to quickly exploit the gaps opening up on various markets. Our export capability could be stronger if we prepared for this by offering more types of goods.

In the future agricultural production and foodstuffs industry processing, packaging and delivery culture must accommodate much better to the desires of customers and to lasting world market trends. With a further development of the regulator system and with organizational measures we might reach the point where agriculture would have a more direct contact with the external and internal market.

The economic regulator system must serve better than it has the development of agricultural production and its accomodation to market relationships. For this reason we must reckon even over the longer terms with support for agriculture--as an important tool for developing or influencing production policy. When narrowing the supports we must realize in the branch a gradualness made possible by improvement in efficiency or by raising the purchasing prices. Support for farms with unfavorable natural conditions will remain, modified somewhat of course in adjustment to new conditions. It is our thinking that during the Seventh 5-Year Plan some of the investment supports will be replaced by credit or interest payment concessions. It seems useful to maintain the multiple channel tax system in taxing the incomes of large agricultural operations.

The withdrawal of incomes having the character of a contribution deriving from differences in natural conditions will continue to be done with a special tax--the land tax. It is expected that the role of this will increase. But we will withdraw from extra income deriving from efficiency differences only as much as will not hold back the swifter development of producer cooperatives and state farms working with good efficiency.

But the price system is the most important tool for orienting production. Where should we start so that prices can serve as an objective standard in agriculture? The standard setting character of the world market price is debatable from several viewpoints. The protectionism of certain countries depresses the level of world market prices and separates them from the production cost ratios of European countries too. So on the world market we must compete not only with the prices but also with the protectionism of various countries. We can credit those estimates according to which if every state would end--with mutual agreement--state support for agriculture than the level of world market prices would rise 20-25 percent.

The CEMA countries purchase a large part of our export and here also our export prices reflect the prices of world trade which are kept artificially low. Increasing foodstuffs production is the common interest of the CEMA countries, and this should be encouraged better with the tools of economic incentive--primarily with prices which are more favorable for producers than at present. It is an important national economic interest that we achieve this as soon as possible in international contacts.

On the basis of a sober judgment of our situation and our national interests we will continue to base domestic agricultural producers' prices on the socially justified costs of production. But for our homeland--which is the largest agricultural exporter of Europe outside the protectionist zone--the attainable export price is a reality and we cannot make our internal price system independent of it. For this reason, in the case of those products a good part of which will be exported, the lasting trends of the development of world market prices must be made felt in the domestic price system. But this is only one aspect of the approach, a number of other contradictory factors must also be taken into consideration when developing prices--utilization of domestic agricultural production conditions, internal supply and the standard of living policy. Thus agricultural producer prices here--as in many other countries in the world--will express a certain compromise.

All this cannot change the fact that the price system must better encourage an improvement in quality. We intend to differentiate prices according to quality differences and introduce in a broader sphere than today an examination of the internal content of agricultural products.

We are not counting on any great changes in the agricultural price system in 1985; the sphere of free prices will expand somewhat and there will be more possibilities for agreements between seller and buyer. The prices of tools

of production of industrial origin will probably rise further. This must be counter-balanced--at least in part--by improving efficiency. This is also a reality with which we must live, which we must constantly accommodate in management. For this reason looking ahead will become more difficult and complicated, but without a swift sensing and economic evaluation of international and domestic trends Hungarian agriculture cannot enter the "upper class".

The Third Question: How Must We Conserve on Energy and Materials?

In the years ahead, in regard to the possibilities for improving efficiency and competitiveness, we must turn greater attention to a more rational management of material and energy. At the beginning of the 1980's the government initiated large-scale energy and material conservation and waste use programs. The goal of the programs was to lay foundations in the agricultural branches so that at least one third of the planned net production increase would be created by improving efficiency, more economical use of material and modernized technology. There was to be a change of attitude in the branch in the areas of research, planning, technical development, management, guidance and education which would aid cost conserving and material conserving management. Without this the intensive development of foodstuffs production will falter. The most important goals posted for agriculture are the following:

--we must increase the productive capacity of an area 1.2-1.3 million hectares with proper use of productive land, bringing unused areas under cultivation, by changing the cultivation branches and with melioration;

--the energy saving soil cultivation system must be realized on 600,000 hectares and contour soil cultivation must be realized on 250,000 hectares;

--the 15-percent storage loss of artificial fertilizer must be moderated to 5 percent--by modernizing storage;

--by making lime spreading general on acid reaction areas the efficiency of artificial fertilizer use is to be improved by 5-8 percent;

--by modernizing the technical background for crop protection and with a more general use of integrated protective technologies we could achieve savings of 500-700 million forints per year;

--by using synthetic amino acids corresponding to the biological needs we should reduce feed use for poultry and hogs by 10-15 percent;

--with damp storage of 2-3 million tons of corn we could save fuel equivalent to 100,000 tons of petroleum per year.

What results can we lay claim to thus far? As a result of rationalization of energy use and use of technologies which conserve on energy the purchase of

liquid fuels decreased in agriculture not only specifically but also in absolute value. In 1983 we saved--compared to 1978--petroleum derivatives equivalent to 280,000 tons of petroleum.

In rational use of producing land, the recultivation of areas formerly taken out of agricultural production and the spread of second sowing have brought results already. Second crops were harvested from 108,000 hectares in 1983, a dry year. Controlled crop feeding and use of liquid artificial fertilizer are spreading as we increase the professionalism of restoring soil strength. Use of artificial fertilizer has improved. Using virtually the same amount of artificial fertilizer as in the middle 1970's, agriculture is producing 15 percent more plant products. By better organizing crop protection procedures it became possible to protect crops with less treatment than before in 1983. Damp grain storage has spread swiftly; in 1982 we had capacity to store 600,000 tons and in 1983 we had capacity to store 800,000 tons.

In animal feeding a number of initiatives aimed at using by-products and waste proved successful. An energy saving, "cold" procedure for poultry slaughter wastes was developed and the pulpy material prepared in this way is used to feed hogs. This could reduce feed costs per kilogram increase in hog weight by 18 percent, which would represent a saving of 12 million forints in the fattening of 60,000 hogs.

This initiative is also important because it provides a way to replace with domestic materials the import of concentrated protein feed. We spend 10 billion forints (230 million dollars) per year on import of protein feed although a part of this could be produced from domestic sources. Up to now we have not succeeded in reducing the import very much. In the Seventh Five Year Plan, with more thrifty use and development of domestic production, we must achieve an increase in meat production and a specific decrease in import of protein feed. It could contribute greatly to specific savings if we were able to moderate the unjustified spread, sometimes reaching 50 percent, which appears among the farms in the feed used to produce the same amount of product. The larger part of the extra feed creates a capitalist import need.

Summing up our experiences it can be said that fulfillment of the tasks put forward in the programs has begun. The reassuring processes which had begun were broken in a few areas because of the unfavorable effect of the drought last year, but it is to be hoped that this is only temporary. In the years ahead we cannot relax the conditions which encourage energy and material conservation.

The large agricultural operations must reckon with the fact that they must cover their extra energy needs with a more efficient exploitation of their own energy sources. This is especially true of energy use for heating purposes. During the Seventh 5-Year Plan we must accelerate implementation of the material conservation and waste use programs also. We cannot give up making use of a substantially greater proportion than at present of the more than 30 million tons of foodstuffs economy by-products produced each year. This is in the interest of the national economy and the individual operations alike.

The Fourth Question: Can the Productivity of Work be Increased Better?

In order to maintain the international competitiveness of our agriculture we must further increase the productivity of work. The value of agricultural production per agricultural earner is only one half or one third that of the Western European and Central European countries. At the end of the 1970's agricultural production per agricultural earner in the agricultural exporter Western European countries came to 10,000-15,000 dollars--at comparable prices--but it came to hardly more than 5,000 dollars here. The differences in better technical equipment justifies this only in part.

The departure of the agricultural work force has slowed in recent years in the economically developed countries--and in Hungary also. But the ratio of agricultural earners has decreased further--despite serious employment problems--in those countries where it was already small--to 6.1 percent in Holland, 8.3 percent in Denmark and 8-9 percent in France. In our homeland the ratio of those employed in agricultural activity is still 15-16 percent. It is true that here the large agricultural operations must carry out tasks which are performed elsewhere by industrial or service organizations.

In the future less manpower than at present can be employed effectively in basic agricultural activity. According to some forecasts by the end of the century 450,000-500,000 earners with agriculture as their chief occupation, as compared to 700,000 at present, will be enough to perform the large operation work of crop production and animal raising. The various industrial production and service activities of the large agricultural operations will have an ever greater role in employing the labor force being freed, primarily those activities linked to the basic activity by virtue of supplying tools of production or processing and marketing the products produced.

The energetic growth of the industrial and service activities of the large agricultural operations is a proper and lasting trend. It was proven at the time of the 1983 drought that greater financial difficulties were avoided by those farms which conducted supplementary activities and which were capable of increasing their sources of income in this way in difficult times. The industrial activity of the large agricultural operations must have a place in industrial policy also. In the future the industrial enterprises must make more courageous use of the advantages of partner contacts, and must get used to the fact that they will have competitors in certain areas too.

The planned modification of earnings regulation will serve a more rational employment policy in the large agricultural operations. The producing enterprises and the producer cooperatives justly criticize the earnings regulation system in effect. We took steps last year and this in the direction of a further development. Agriculture has played a pioneering role in this, for it was here that the various experimental earnings regulation forms got started first.

Experiences with the experiments thus far are good and have justified the expectation that if enterprise performance and the possibilities for increasing

wages are more closely linked this is advantageous from the viewpoint of the workers, the enterprises and the entire economy. We can select from among the experimental wage regulation forms those which we can use generally beginning next year. We are also considering that beginning in 1985 the large agricultural operations will be able to select from an additional one or two wage regulation forms--in accordance with their economic structure.

The Fifth Question: What Are the Stressed Points of Modernization and Development Policy?

In the 1970's the development of agriculture was based on the taking over, adapting and swift spread of leading technical achievements. Obviously we must continue to keep up with the results of international scientific and technical progress. Recognizing the changed world economic situation and our domestic possibilities, there is need for varied and changing solutions in technical development accomodating to the unique conditions and resources of the farms. Throughout the world modernization is characterized by conserving on assets, energy and material. To such an extent that not infrequently just these factors determine the novel nature of a production procedure and it is compared in this way with the former procedures more demanding of material and assets, now called "traditional".

Up to now the results of domestic scientific research have also contributed to raising the production level and we trust that this will not be otherwise in the future. There is a need for constantly changing strains in the crop production branches in order to improve potential productivity and the exploitation of it.

Domestic strains now provide 70 percent of the seed needs of the nation in wheat production. In accordance with the long-range strategy for domestic protein supply we must work on improving the protein base both quantitatively and qualitatively, through crop improvement and development of new technologies. The chief effort in animal husbandry is to get better yields from the use of feed.

Economical use of materials of biological origin not used adequately thus far is an important reserve of our agro-ecological productive capacity. The biomass is a constantly renewed resource. The conditions of the Hungarian economy are favorable in this respect. It is important that broad utilization of it receive proper emphasis in research and development activity, in economic decision-making and in management practice. Of the immediate tasks here we might emphasize the following:

--grasslands and crop production and foodstuffs industry by-products must be used increasingly in meat production,

--we must improve the replacement of soil strength and make use of watery fertilizer;

--the biomass must be used to a greater extent in energetics and in the chemical industry as well.

Utilization of the results of biotechnology research can lead to breakthrough results not only in increasing the productivity of crops and animals but also in many other areas of agricultural, foodstuffs industry and even industrial production. Great hopes are justified even in the near future by freeing plants of viruses, broader use of fermentation and enzyme technologies or, for example, the spread of propagation biology and gene technology procedures.

The complexity of management procedures presses for modernization of the process of collecting, processing and using information. The agricultural organizations are already using computer technology. Of the 6,000 or 7,000 mini and micro-computers operating in the country more than 1,000 are now operating in agriculture, but many more could be used. But quality information processing is only the first step--and even here there are things to be done. In the future this must be followed by organizational and management measures.

Production systems have a great role in the spread of modern production procedures. Within this framework in the future we must be increasingly concerned with cost savings and with seeing that the technologies suiting the conditions and different yields of the farms belonging to the system are available. It is obvious that the attaining of different yields must be posed as the goal in the farms with the most favorable conditions, in those with average conditions and in those with harsh natural conditions. Expenditures must be adjusted to this, searching for the best possible economy.

The share of agriculture in investments was 12.8 percent in 1978 and 14 percent in 1983. Of course the share of agriculture was a good bit greater than this in producing investments (21 percent in 1983) and even greater in enterprise investments (25 percent in 1983). But these ratios do not express the fact that in reality the accumulation possibilities of agriculture have not expanded in recent years, indeed they have decreased in real value, as in other branches of the economy.

State support for agricultural investments has decreased to half since 1978, the methods for it have been transformed, and in a number of areas the support is determined not in a percentage of the access cost of the installation but rather per final unit (per hectare or animal accomodation unit) independent of the real investment costs.

The fact that developmental sources were restricted and that state support decreased was counterbalanced by the large agricultural operations with cheaper and more purposeful development methods in a number of areas. For example, in the animal husbandry branches there was an increase in cheaper construction technology and expansion of a reconstruction character. In this way the cost of creating one cow accomodation in dairy farming fell from the earlier 100,000 forints to 60,000-70,000 forints--despite the price increases--and in the specialized hog sites they built one accomodation for 15,000-17,000 forints instead of 20,000-22,000 forints.

Methods for linking large scale production and small scale production have developed and spread which expand production capacity without investment or

with much less investment than before. The large agricultural operations have placed a part of their livestock in the small operations--3-5 percent of the cattle and hogs and 8-10 percent of the poultry.

When the farms do not have plenty of developmental sources they can supplement them by bringing in the financial assets of cooperative members, enterprise workers and larger strata of the populace--very successfully so on the basis of the favorable experiences thus far. This form may expand in the future and in addition to the financial advantages it may provide a good foundation for the development of social activity deriving from common interests and should strengthen conditions for local democratism.

A significant part of the machinery of the farms is used up and sooner or later it will have to be exchanged on a mass scale. This could become a continuing thing with the World Bank programs. Technical development has slowed in a number of areas although the world economic situation prescribes technical renewal with commanding strength. In a number of branches of agriculture there is a lack of the supplementary and auxiliary investments which would make possible the more economical utilization of the basic investments. It is enough, perhaps, to refer to the lack of storage and some processing capacity. It would help to put such investments in the foreground, modernizing investments advancing these goals and getting rid of bottlenecks, if with a further development of regulation we could ease the burden which the interest payments connected with earlier investments represent today for managing units capable of more.

In the Seventh 5-Year Plan--according to preliminary calculations--the investment possibilities for agriculture will probably not be greater than in the present plan period, but in a favorable case they may increase somewhat. In the years of the Seventh 5-Year Plan agricultural construction must be characterized by replacement, reconstruction, modernization and expansion and by raising less costly structures. Knowing the possibilities the investments must be rank ordered with careful consideration.

The developmental possibilities of some agricultural operations will be determined in a fundamental way by how their production structure adapts to the market possibilities and the extent to which they can reduce their costs. Credit sources may open up as a function of this.

If the large agricultural operations and foodstuffs industry enterprises adopt developmental goals which bring tangible results quickly they can have a greater share in the developmental sources of the economy.

So the most efficient developmental goals must be selected. It creates favorable conditions for this that in the foodstuffs economy joint undertakings, the production systems, agricultural-industrial associations and other forms of capital flow among them look back on a past of several years. We can progress more deliberately on this path, all the more so because the organizational decentralization carried out in recent years may aid this process. The large agricultural operations--in cooperation with the foodstuffs

industry--should use their developmental resources for investments they need to process, store and market their products. It will aid cooperation that in a number of branches of the foodstuffs industry (in the canning, freezing, wine and poultry industries) the same regular system will be used as in agriculture. We would like to expand this sphere.

The restrictions on convertible relationship import may be relaxed in the years ahead. We must use the possibilities in an ever greater ratio for the import of developed technology. In the largest bearing branch of agriculture, in grain production, this will be based on credits from the World Bank.

Some of the capitalist relationship import machines should be replaced by domestic machines or machines manufactured in CEMA countries which have a similar use value, good quality and supply of parts. Expanding the accumulation and import sources depends on the rate at which the economic situation of the country improves, and the contribution of agriculture to this is indispensable. The assets conserving trends developing at the beginning of the 1980's must be maintained even if investment possibilities expand later.

The further development of the economic regulator system will give greater scope for a differentiation of enterprise incomes according to performance. It will put greater efficiency requirements before every producing organization. Those enterprises will have greater developmental and earnings increasing possibilities which adapt flexibly to the market and use their production resources more profitably. In contrast to this greater pressure will burden those which do not manage at adequate levels.

The rate at which agriculture develops and the extent of differentiation among operations and branches will turn on the work of the managing units themselves, on their own accomplishments. But they must also prepare for the fact that their possibilities will be influenced by external market effects much more than before.

The key to future progress is in the understanding and willingness to work of the experts working in the large agricultural operations. We are convinced that even with worse conditions and in the case of unfavorable weather the majority of the farms will stand their ground and work successfully. Building on the good guidance of the operations, on professional work, on a fuller unfolding of creative energies, in a word building on human factors, we can have faith that in the future the foodstuffs economy will provide the country with ever more competitive products and ever greater national income.

In the years ahead the Hungarian economy and economic policy will be faced with a new choice in a certain sense. We can have confidence that as soon as possible we will overcome those difficulties because of which we were not infrequently forced to take certain steps in past years. And if we get beyond the constraining problems we can better put a longer range view in the foreground, an economic policy practice based on lasting values. Some--perhaps

many--feel that the requirements expressed above in regard to the foodstuffs economy will be valid only toward the end of our decade. There is something in this! The economy--and it is this way for us also--does not shift easily to the new, if it is more difficult. But we must see that if we are to be able to meet such requirements the day after tomorrow then we must do something tomorrow, and we must think about this today and together!

8984

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HUNGARY

DIRECTORS VIEWS OF ENTERPRISE COUNCILS MIXED

Budapest NEPSZABADSAG in Hungarian 23 Oct 84 p 5

[Article by Katalin Bossanyi: "Directors Concerning the Enterprise Councils; More Democratic Control, Many Open Questions"]

[Text] One of the new elements of the further development of economic guidance is that beginning next year forms of enterprise guidance differing from earlier ones will gradually be introduced in the economy. The community organizations, the trusts and some enterprises to be included here for other reasons will remain under state administration, that is ministerial, guidance. But in other organizations enterprise councils will be organized or, in the smaller ones, elected leaderships representing the collective directly. Thereafter these collective decision-making bodies will direct the enterprises--together with the director--and will have new ownership representation rights and employer rights over the leaders. Thus the election of leaders or selection of directors by means of a competition will become general in the state and enterprise sphere. What is the opinion of the directors, those most affected, about the organization of the enterprise councils or elected leaderships, what do they expect from their operation? We asked the leaders of one machine industry, one chemical industry and one large light industry enterprise about this.

Adam Angyal, director general of the Hungarian Ship and Crane Factory:

More Uniform Leadership

"A director's council with decision-making rights--determining the life of the enterprise in strategic questions--has been working at the Hungarian Ship and Crane Factory since the beginning of this year. I feel that I and my fellow leaders will be able to make good use of the experiences acquired here in regard to the functioning of the enterprise council, carrying out tasks which are similar in many respects. For me the greatest lesson has been that in the work of such a collective decision-making body--despite the hot debates and sharp differences of opinion--not only do the differing interests of the factory units and plants come to the surface but also a more favorable leadership arena opens for the development of a common denominator, for realization of the large enterprise interests. It appeared to me that the more information

I gave to the body, the more I disclosed to them the daily and longer range problems of enterprise guidance, made them feel the contradictions of the economic environment, the easier it was for me and my fellow leaders to develop jointly uniform views and actions. And there is a great need for this in weighing strategic questions. Of course, not only the leaders but other employees and even physical workers will participate in the work of the enterprise council. I am happy about this because I have already gleaned much useful advice from them; the size of the enterprise alone, makes the task of maintaining these contacts inevitably involved. But we must be very careful that the workers are not brought into the enterprise council on the basis of statistical factors or personal contacts; rather, the collective should delegate people who have adequate feeling of responsibility and preparation. Otherwise the work of the body could easily become formal, and this would slow down the decision-making."

[Question] "You got into a debate with the supervisory authorities in connection with the assignment to the new guidance form. They wanted to keep the Hungarian Ship and Crane Factory in state administrative guidance--transforming it into a trust with limited rights."

[Answer] "This came up because we export half of our production to socialist countries on the basis of inter-state contracts. But up to now and hereafter also the decisions about these long-range deliveries are made by the plan offices, and not by the ministry. We will have to satisfy these tasks anyway, as before, but if an enterprise council guides the enterprise we would expect our independence to increase in increasing export and in increasing the economicalness of all activities. I do not consider a trust with limited rights to be an organizational form more efficient than the present one--in the case of our enterprise. For a long time we have been trying to make the six factory units into a large enterprise with a uniform view; the production-organization conditions for this have now been created by and large. All this does not argue against a vigorous increase in the independence of our factory units in the future and a swift modernization of the internal mechanism of the enterprise. The enterprise council may offer a greater guarantee than the trust form for the realization of our ideas."

[Question] "You were appointed to head the Hungarian Ship and Crane Factory only one year ago. Are you afraid they might not elect you again?"

[Answer] "If I am not so entrusted it means that I was not able to win over the collective in the past period and I would certainly have to draw the consequences from that. In any case, every leader is dependent on someone. In my opinion it is more advantageous for directors if they are dependent on their own collective rather than if they are dependent on some outside authority. It means more reliable control and it encourages more democratic leadership methods."

[Question] "When will you start to organize the enterprise council?"

[Answer] "This spring we offered to form an enterprise council this year--as

an experiment--but so far we have not received an answer. Some of the preparatory work now falls on the trade union. According to our calculations the council will have about 50 members. The workers will elect half the members, the rest will be directors or will come from among respected experts. We do not intend the body to play a formal role, so we would like the chairman to be independent of other tasks and we would like to honor the members of the council materially in some form. Only in this way can we expect worth while work. The debate about how to operate the enterprise councils is still going on between the chief authorities and the various interest representation organs. In my opinion the enterprises should have greater independence in these questions--going beyond setting down a few general rules. In the final analysis they should decide for themselves."

Janos Vad, director of the United Chemical Works:

"I believe that the work of directors should be judged and evaluated by the collective led by them, payment of leaders should be a corporate decision, their pay should be linked better to the results of their enterprises, and they should bear the consequences of possible losses as well. I say this despite the fact that I have been director here for 21 years and have good professional and personal contacts with the ministry and chief authorities. I know very well that with formation of the enterprise council my one person responsibility will not decrease but my freedom of movement as a leader will decrease somewhat as a result of the collective decisions."

To Identify With the Enterprise

[Question] "What sorts of advantages may accompany formation of the council?"

[Answer] "The spread of more democratic leadership methods and the more direct realization of ownership interest will obviously have also tangible economic results. But I attribute primarily political-social significance to the creation of the enterprise councils. With competition and market relationships becoming more general the expert manager staff will need democratic inner control and support. I consider it an advantage that by virtue of the operation of the council the workers will identify better with the enterprise, feel that the place of work, where they spend the greater part of their lives, is theirs."

[Question] "How will the enterprise council be organized?"

[Answer] "We would like to form the body in March of next year--knowing the balance for this year. We are calculating on 14 members; every 100 workers will delegate one representative to the council, the rest will come from the leaders of the factories and larger enterprise units, and the first three leaders of the enterprise. In my judgment preparation is not the task of the trade union; this should be organized by the leadership of the enterprise--in agreement with the social organs. For this reason we consider it useful to form an enterprise preparatory committee. In regard to council membership I would consider it very essential that there not be an automatism according to sphere of work; rather, people the collective recognizes professionally

and personally should be put into the body, independent of assignment. I do not want to be silent about the fact that very much remains to be cleared up in connection with the operation of the council. If we really want the enterprise council to guide the organization in essential questions, if it is to be endowed with real ownership representation rights, then we must rethink the work of the stewards' bodies, the method of coming to an agreement and forming opinions, its domain of authority. I consider it similarly justified to determine leader interest representation and, in case of disputes, where, to what body, the enterprise council members can turn. According to the trade union they should turn to it. I do not agree with this. Labor law protection must be guaranteed in these question, and the enterprise arbitration committee is more suitable for this, or if there is no agreement, the labor affairs court."

Tibor Kara, director general of the Chair and Upholstery Industry Enterprise:

Harmonization Dilemmas

"I am symphatetic with the organization of enterprise councils, but I do not consider it an entirely new aspiration. In the present, most complicated economic situation forward looking directors have already been relying on the collective wisdom. That is, they have created similar bodies which they called expert councils or director's conferences. I see clearly also--and this is why I consider the enterprise council a step forward--that a direct exercise of ownership rights could have great mobilizing force, it might better marshal the collective behind the enterprise efforts. A fairly significant organizational modernization is under way for us now--we established a subsidiary enterprise and created a main factory organization--and the concept of corporate leadership links well with this. But for the time being I am taking a wait-and-see position."

[Question] "Why?"

[Answer] "Not for personal reasons. I have been working quite a long time in the trade, I am close to the protected age, and in any case it is my opinion that if a leader remains a leader simply from the will of the ministry and not the collective then it would be better for him to give up his appointment. The basic reason for my reservations is that I do not know the game rules, I have very little information about the functioning of the council. I would see sense in such a body for us only if it could do real work, that is if it did not become a voting machine. But this would require seeing more clearly than we have the relationship of the enterprise council, the stewards' body and the director to one another, how the strategic and annual plan or operational decision levels are distinguished, the division of labor and system of responsibility. I am thinking of this: At present it frequently ahhpens that the director undertakes temporarily less profitable export, at the urging of supreme authority and knowing the more comprehensive problems of the economy. In the future, however, it may happen that the council will vote down this decision, because this will reduce profits, and in the longer run the enterprise will get into a disadvantageous situation."

* * *

The three opinions are a good illustration of the interest and readiness of the enterprise leaders, but also of the question marks surrounding the establishment of the enterprise councils. The high level regulations to be published in the near future will obviously give answers to many doubts. But in the final analysis the extent to which the enterprise council can become a tool for leadership that is more efficient and more democratic than that in use today will--presumably--become clear in the course of practice, at the price of many sorts of conflict and compromise. And this will require not only time but also greater enterprise independence. So it would be justified to provide information about the preparations more continuously than at present and to increase the decision-making freedom of the enterprises in selecting the guidance form and the time of the conversion.

8984

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HUNGARY

EXPORTING TECHNICAL SCHOOLS 'ADVANTAGEOUS BUSINESS OPPORTUNITY'

Budapest MUSZAKI ELET in Hungarian 6 Dec 84 p 5

[Text] The export of complete units for technical education is one of the most advantageous business opportunities available to the Hungarian machine tool industry. As announced recently by Istvan Matyas and Gyorgy Csenki, directors respectively of Technoimpex and Industrialexport, the Hungarian machine industry's most valuable contracts this year were in this area.

As the result of a series of thorough technical/commercial negotiations in 1982, Technoimpex signed four contracts for the export of a turnkey school to each of the following locations: Bouchegouf, M'Sila, Biskara and Ksar Chellala. The contracts, which have a total value of \$32 million, cover the complete price of the schools. Everything is included under the contract; excavation, assembly of prefabricated parts, supplied by ETISZERK, and provision of instructional materials.

Industrialexport is Technoimpex's prime contractor for exporting the four schools. The school in M'Sila, which has an interior area of 15,000 square meters, was finished this month and technical transferral is now proceeding. The school in Bouchegouf will be handed over in the first months of next year. According to plans, the schools in Bishara and Ksar Chellala will be finished in June 1985.

Each school offers mid-level instruction to 500 students in various areas of hydrology. Lodging for 450 students and instructors is available at each school. Hungarian technicians will probably have a chance to gain from and expand on these Algerian experiences, because Technoimpex has started negotiations for exporting additional schools of hydrology. Since 1980, workshops totaling \$17.3 million in value have been transported to and set up in the following Nigerian states: Ogus, 29; Gongola, 98; and Niger, 114. When instruction started, Hungarian experts served as technical advisers, and the Nigerian instructors received their training in Hungary.

In Abuja, Nigeria's new federal capital, 30 modular workshops are currently being completed and furnished on the basis of an \$8 million contract. The completely furnished workshops, assembled from prefabricated parts, will be ready in 1985. The terms of an additional \$8.5 million contract call for the delivery by 1986 of nine similarly equipped modular workshops in Bendel state, and two in Kaduna state.

The reputation and reliability of Technoimpex and the good quality of the schools sent in cooperation with Industrialexport significantly contributed to Nigeria's decision to sign a \$257 million contract in October 1984 after long negotiations. According to the terms of this contract, within the next 2 years the Hungarian firm will send to the Nigerian Secondary School Program in 19 states a total of 1,155 polytechnical educational units. Each educational unit consists of four completely equipped workshops for the following specialties: machinist, woodworker, electrician and auto mechanic. The delivery of the building parts and furnishings will begin this year.

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TRADE DEVELOPMENTS, PROSPECTS EVALUATED

Emphasis on Exports

Warsaw POLISH FOREIGN TRADE in English No 4, 1984 pp 9, 10

[Article by Eugeniusz Tabaczynski]

[Text]

The gearing of production to export markets is an inevitable requirement in countries of medium size the moment they adopt the concept of an "open" economy relying on an involvement in the international division of labour. The advantages stemming from such a policy are connected with the large-scale production and the concentration of outlays on investments, scientific development and research which accompany manufacturing specialization.

From the viewpoint of central authority interests, stimulating export activity is connected with the desire to optimize the structure of industrial production on a national scale and the meeting of the country's foreign exchange requirements.

On the other hand, in a rationally managed enterprise the urge to export results from the striving to expand, and in certain cases, the lack of sufficiently profitable sales markets at home. In conditions of a competition on the market, expansion is a precondition for the existence of the enterprise. Exports allow to widen the scale of output, which in the enterprise is usually connected with decisions concerning production specialization. In this way overall costs are reduced (depreciation, tooling, technical drawings, etc.) as are also unit costs, plus a better exploitation of existing manufacturing capacities.

SITC³⁾ statistics allow to arrive at the conclusion that the industrialized countries launch a manufacturing activity in many and in the same branches: in other words, it is difficult to speak of a branch specialization in those countries.

Such a view is true only in the sense that the products covered by specialization are surrounded by a natural infrastructure layer (a scientific-research potential, designing offices, a network of suppliers: components, raw materials and manufacturing materials, supply and sales offices) which develops within the traditional branches and also outside them. One can say even that the manufacturers specialize over a long period in terms of production potential or capacities and over a short period in specific products. The highly developed potential allows for a suitably flexible reacting to demand changes within a branch or even makes possible to launch the manufacture of products in other branches.

At present world in industrial manufacture is divided into two, more and more separated flows of products. The socialist countries conduct about three fourth of their external trade within their grouping. The same applies to the so-called developed capitalist countries. The developing countries are speedily expanding their trade with the developed countries in the East and the West in conformity with the principle of political attracting. In this situation it is, therefore, difficult to speak of a global international division of labour.

After these general introductory remarks it is worth noting that Poland's external trade scene at present is marked by a still insufficient export orientation, a low per capita level of exports (about 400 dollars in 1983), a substantial concentration of exports within specific areas of industry and a low level of manufacturing specialization. This is borne out by the fact that 6 industries (out of around 160) deliver 20 per cent of

the total value of industrial exports (ships, motor vehicles, clothing, non-ferrous metal products, energy equipment, agricultural consumer goods); 23 industries account for 42 per cent of the total value of exports.

Several Polish industries have attained a place of major importance in world trade: rolling stock (7 per cent of world imports), foodstuffs industry equipment (including sugar factories) — 6 per cent, agricultural machinery — 4 per cent, electric light sources — 4 per cent, building and mining machinery — 3 per cent, metal-working machine tools — 2 per cent, textile machinery — 2 per cent, electric motors and equipment — 2 per cent, electrical energy generating equipment — 2 per cent².

It is, however, unsatisfactory that the structures of Poland's trade with the socialist and the capitalist countries differ. The structure of the trade with the CMEA members in terms of commodity groups (fuels, food articles, investment goods, consumer durables) is similar to that of the developed industrial countries, while the trade with the remaining countries is marked by an insufficient degree of modern manufactured products fetching higher prices and a predominance of raw material, manufacturing material, simple machinery and services exports.

The strategy of the further export expansion of the Polish manufacturing industries is being considered in the short- and medium-range aspects. In the short-term aspect there will surely be the need to maintain for some time the present weaker position in regard to the highly developed countries (simpler commodities with a lower per unit price), simple services, products involving a greater degree of material and energy consumption, though with a simultaneous rise in the competitive nature of these export products. At the same time planned are long-range strategic actions (1991-2000). This is because the Polish manufacturing industries should assume an equitable, fully partnership position in the world and speak the same technological, economic and organizational language. Potentially, the Polish industries are fully prepared to assume such a position. Already now this country has a larger number of graduated engineers than the United Kingdom or France, as also more research and development workers per one thousand industrial employees than the above mentioned countries.

In the past two decades in the leading developed countries over 80 per cent of outlays for civilian programmes in the manufacturing industries had been assigned for the expansion of such industries as: electrical engineering and electronics, chemical (small tonnage chemistry), transport (particularly motor vehicles and aviation), engineering and precision equipment.

In the coming years, technological progress will be concentrated chiefly on those branches which will have a bearing on productivity expansion, the lowering of manufacturing costs, and in consequence, on making the respective industries more competitive.

Microelectronics and biotechnology will be the two basic lines of technological advancement. They find an application in most of the manufacturing industries and are, to an increasing degree, responsible for the greater attractiveness and competitiveness of their products. Thanks to these technologies speeded up will be the expansion of various areas of electronics, automation, computer manufacture, telecommunications, aviation, space exploration, small tonnage chemistry and environmental protection.

It needs to be stated here that in many areas of the basic sciences (mathematics, physics, chemistry, biology) the achievements of Polish scientists are of a high world standard. The problem, however, lies in shortening the time it takes for the fruit of this scientific endeavour to reach the application stage.

The assuming by the Polish enterprises of an export and specialization-oriented attitude depends, to a large extent, on the introduction of further system changes in accordance with the principles of the national economic reform.

The process of specialization decision-taking will be gradually founded on the following principles:

- Specialization rests basically in the enterprise operating within an economic system controlled by the state.
- Specialization basically concerns the final product. Through a range of legal and financial instruments the state can influence the lines in which the enterprise will show an interest.
- The state finances and supports basic research in scientific development and technological progress. The results of this research are made available by the state to the enterprises which are either partly or fully

charged for it. In the choice of lines of basic research accepted must be the principle of their competitiveness in regard to such lines undertaken in countries with the highest level of technology. This research should be aided by the purchase of licences abroad.

The enterprises will have an increasing degree of freedom in the choice of their production profile, in accordance with market requirements and their own interest. The intervention of the central authorities will be only through government orders. They can become obligatory only in exceptional cases. Achieved in this way will be a greater flexibility of action and a growing adaptation ability of the enterprises in responding to external factors. The authorities may also influence enterprise decisions through a suitable employment of credit, customs and taxation policy instruments.

The enterprises must also enjoy an easier access to foreign exchange resources to finance imports. Specialization in the manufacture of some type of product usually

implies higher imports of another product. For this purpose — even before the Polish zloty becomes fully convertible — the enterprises should enjoy a greater freedom in deciding how they will make use of their foreign exchange accounts and have an easier access to foreign exchange bank credits.

It appears that increased should be the degree of responsibility for the manufacturing capital in the state enterprises. The creation of the workers' self-management in the enterprises is an important step in this direction. Nevertheless these matters require a more detailed definition so as to ensure a greater economic efficiency of the existing capital. These matters are now the subject of studies and discussion in Poland.

¹⁾ SITC — Standard International Trade Classification: official UN foreign trade statistics

²⁾ Data made even for the pre-crisis period (1979)

Trade with Developing Countries

Warsaw POLISH FOREIGN TRADE in English No 4, 1984

[Article by Czeslaw Jankowski and Krzysztof Koprowski]

[Text]

Like the remaining CMEA members, Poland contributes quite substantially to the expansion of the economic potential of the developing countries. This is evidenced by the total of over 200 industrial projects completed by Polish enterprises in these countries. Alongside erecting industrial plants and delivering machinery and equipment, Poland provides these countries with palpable assistance by accepting students for training at Polish engineering colleges, directing experienced specialists in various fields to the developing countries or organizing centres for vocational training.

Employed at present in the Third World countries are some 2,600 Polish specialists: teachers, college and university lecturers, engineers, designers, physicians. Enterprises erecting industrial plants, communal facilities; building roads and other projects, chiefly in the Middle East and North Africa, employ some 25,000 on-site engineers, technicians and blue-collar workers.

Among the larger developments of recent years mention should be made of:

- amelioration projects and irrigation systems in Iraq,
- irrigation and drainage pumping stations in Iraq, in the United Arab Emirates,
- motorways in Iraq and Libya,
- thermal power stations in India and Turkey,
- high tension transmission lines in Iraq, Jordan, Nigeria,
- sulphuric acid plants in Morocco and Turkey,
- a soda factory in Turkey,

- a limestone works in Iraq,
- silicate brick works in Iraq,
- cellular concrete works in Iraq, Iran, Kuwait,
- sugar factories in Iran, Pakistan, Iraq, Morocco,
- coal mining installations in Argentina, Brazil, India and Nigeria.

Moreover, Polish enterprises have been supplying construction and assembly services on several dozen other development projects in the Third World countries erected there by Japanese, French and German companies, and also enterprises from the CMEA countries. To offer just two examples: the Guddu electric power station in Pakistan built by "Technopromexport" of the Soviet Union with the participation of Poland's POLSERVICE, and the electric power station at Isfahan (Iran) built by "Technopromexport" with a contribution from Poland's BUDIMEX and "Transelektro" of Hungary.

Lately, in view of financial shortages which have affected even the oil-exporting nations, investment activity has been restricted to only basic requirements. Priorities differ in the various countries, nevertheless requirements are chiefly in agriculture, water supplies, energy, housing construction. Apart from that, resources are centred on the completion of investments launched in previous years, the removal of bottlenecks in manufacture, increasing the manufacturing capacities of existing plants. In the endeavour to make the maximum use of the meagre financial resources, some of the developing countries have been forced to apply import economies which foreign companies offering investment goods and services have to respect. These requirements include the widening of the scope of the tender form of signing import transactions, the commitment by suppliers of investment equipment to make a capital contribution to the newly-formed enterprises, the elimination of middlemen. Requirements of this kind strengthen the position of local investors vis-a-vis the foreign suppliers.

The export offer by the Polish enterprises reflects, generally, the investment requirements of the developing countries, both in regard to deliveries, services and economic and technical factors. The Polish enterprises are well placed in securing such orders since they have in several countries major operating capacities in the shape of construction and assembly equipment, technical, social amenities and organizational facilities. However, the decisive factor is the existence of a body of experienced organizers and engineers with a long record of service in the designing of industrial, mining and construction projects suiting the needs of the respective countries lying in different geographic zones. They are fully familiar with the specific works-handling conditions in these countries, the possibility of securing the essential building materials and also — and this is most important — the local administrative, taxation and customs regulations, as well as the procedure of cooperating with the local authorities.

At the same time, Poland — like the other CMEA countries — is consistently seeking a formula which would enable the developing countries to continue investment activity in conditions of a shortage of foreign exchange for imports of plant and equipment. A basic requirement, however, is the assigning by the foreign partner of financial resources sufficient to cover the cost of supplementary purchases of machinery and equipment in third countries.

Bearing in mind the export offer of the developing countries and her own import requirements, in handling the investment deliveries and services the Polish side seeks to place orders, as far as this is possible, in the partner's country for certain products continuing, in principle, payments in convertible currency. In some instances, observed is the tendency to revert to barter trade — though in contrast to the former pattern, the scope of two-way shipments of products and services are limited to only a few items of key importance to the partner.

The cooperation pursued by the CMEA members with the developing countries in the investment sphere widens the range of potential contractors and, in this way, enables the supplier to present an optimum variant of the offer; that is the variant satisfying the wishes of the investor in regard to the technical and economic requirements of the investment, the date of its completion, and comparatively low costs.

The shortage of capital resources in the developing countries, and the resulting need often to credit the investments, create additional premises for the joint operations of enterprises from the CMEA countries in this area. This cooperation becomes all the more essential since the investment activities of foreign companies are subjected by the investor to many financial and legal requirements.

Possessing a large measure of experience, the Polish enterprises are interested in an investment cooperation with enterprises from the CMEA countries in the markets of the developing countries. They command a large operating potential: equipment and highly qualified specialists, plus substantial experience gained during the many years of activities in these markets. The joint undertakings are also advantageous in view of the world investment market recession and the growing competition by western companies.

The cooperation of the countries belonging to the Council for Mutual Economic Assistance with the developing nations is an important element of their trading policies. "In that trade the CMEA members do not secure for themselves any concessions or unilateral advantages — stated the Secretariat in one of its latest bulletins and added — By cooperating with these countries they respect their interests, take into account the requirements of the various branches of industry and agriculture, as also their natural conditions, economic capabilities and their striving to achieve maximum effects in the shortest time possible."

The manufacturing plants built with the assistance of the CMEA members have played an important role in assuring the independent economic development of many African and Asian countries. Up to 1983, the number of developing countries cooperating with the CMEA members had increased from 62 to 97. In 1970-1981 alone, the overall value of bilateral deliveries expanded 6-fold, from 5 to 30 billion roubles.

On the other hand, to the CMEA countries also, trade with the so-called Third World nations has ceased to be a marginal part of their external trading activities. The share of this trade in their overall trade with the world has increased substantially.

A GOOD CLIMATE

The development of trade between the socialist countries and the developing nations, especially in the seventies, was aided by the favourable political climate. The countries of Asia, Africa and Latin America, particularly those which had set out on the path of a non-capitalist development and had carried through progressive socio-economic transformations, achieved palpable advantages from the widening and consolidation of contacts with the CMEA members. The latter had actively supported the strivings of the so-called Third World nations to strengthen their control over their domestic national resources; had assisted them in the task of accelerating the expansion of key areas of the national economy; had extended credits on convenient terms; had established joint ventures and jointly-owned companies. The CMEA countries had also supported the need for basic transformations of international economic relations: the establishment of a new economic order in the world.

All this is borne out by concrete facts. The number of developments, either completed or planned in the coming years, in the countries of Asia, Africa and Latin America, with technical support of the CMEA members,

has now reached over 5,000. Manufacturing establishments erected with a contribution from the socialist countries account today for a major share of the industrial output of the developing countries. Thanks to such manufacturing capacities delivered is all the oil in Syria, the entire output of natural gas and nitrogenous fertilizers in Afghanistan, over 70 per cent of energy in Syria and Afghanistan. Let it be noted here that the assistance extended by the CMEA members goes primarily into the development of the state sector and is a means of consolidating the position of the state in the economy. It covers chiefly the key sectors of the economy: industry, energy generation, transport, trade, agriculture, finances. The CMEA bulletin states that "The development of the state sector and the strengthening of its role helps to curtail the activities and the final removal of the foreign monopolies, the establishment of a control over domestic private capital and the tapping of its resources for the economic development of the country. The existence of a strong state sector is the most important instrument of accelerating the pace of industrialization, the overhauling of the colonial structure of the economy and the establishment of a state control over its development. Moreover, the cooperation of the developing nations with the countries of the socialist community strengthens their international standing, creates realistic opportunities for eradicating backwardness, illiteracy and diseases."

Qualitative changes

At the end of the seventies and the beginning of the eighties major qualitative changes occurred in the expansion of economic ties between the CMEA countries and the developing nations. These changes covered primarily the organizational and legal mechanisms of these relations. Their basic elements had been enriched in the seventies by the complex, long-range programmes of economic, commercial, scientific and technological cooperation spanning usually periods of 10-15 years. These agreements are an essential factor of stabilizing mutual trading relations. This is all the more important since recent years had brought, both in the developing and the socialist countries, certain development problems which are exerting a negative bearing on the pace and scope of mutual trade. This occurred at a time of a general worsening of the economic situation in the world and the resulting employment of protectionist and discriminatory measures by the developed capitalist countries.

Therefore the new forms of CMEA cooperation with the countries of Asia, Africa and Latin America are a means of responding to the changed economic situation in the world and the more difficult conditions

of international trade.

New forms of cooperation

Joint ventures and manufacturing specialization, previously appearing only sporadically in relations between these groups of countries, has recently become one of the more important forms of cooperation among them. Already in the early eighties, signed and completed had been over 300 agreements for industrial cooperation. One form of such a cooperation are the so-called manufacturing subcontracts under which one of the parties (generally the CMEA country) orders the manufacture of certain products, supplies the licence and the suitable equipment and components. And so, for instance, Indian companies had delivered to the German Democratic Republic, along the sub-contract principle, ship equipment components, and to the Soviet Union — a part of the cotton products manufactured from cotton supplied by the Soviet Union.

Another comparatively new form is the collaboration of the CMEA members with the countries of Asia, Africa and Latin America in third markets or joint assistance to another developing country. More and more frequent also is tripartite cooperation involving the CMEA members, the developing countries and the capitalist states.

An important area of cooperation and assistance — in view of the substantial share of agriculture in the economies of those countries — is the transmission by the members of the socialist community of many technologies designed to facilitate the resolving of food supply problems. Built are, for example, irrigation installations, organized is the cultivation of highly efficient plant varieties and introduced are highly productive animal breeds, created is a network of model farms. Moreover built with the assistance of the CMEA countries with the greatest experience in this area are food complex plants, grain and meat combines, cold storage facilities, etc. At the end of the seventies and the beginning of the eighties there emerged also new forms of cooperation in agriculture and fisheries, such as the renting out of trawlers to the developing countries (in return for a part of the catches), or the founding of mixed-capital companies. A case in point is the Bulgarian-Indian-Nigerian "Globfish" company involved in fishing, processing and sales in various parts of the world.

There are, of course, many problems to be resolved in bilateral relations and trade. Nevertheless the experience of past years and the fruitful exploration of new forms of collaboration point to the existence of a major interest and the no small capabilities in this field among partners on both sides.

Trade with Brazil

Warsaw POLISH FOREIGN TRADE in English No 4, 1984, pp 12-13

[Interview with Roman Mlyniec, commercial counsellor at the Polish Embassy in Brazil, by Andrzej Krzemirski]

[Text]

It is known that both Brazil and Poland are experiencing serious economic difficulties. Both countries are heavily in debt and industrial output is low. To what extent, would you say, have these unfavourable factors affected the state of bilateral economic relations, especially in the most recent period?

— It is true that both countries are experiencing the same problems. The economies of Poland and Brazil have to rally all available resources to increase exports and limit imports to a minimum. I must say that Brazil succeeded in this area last year. This was, in fact, the only area in which that country had been able to meet the requirements set upon her by the International Monetary Fund.

The economies of Brazil and Poland are of a complementary nature. There are very many products which Poland finds attractive in that country and there are quite a few, though unfortunately less, in Poland which are of interest to the Brazilians. Bilateral relations are marked by two phenomena, to an overwhelming extent. Firstly, that we owe Brazil some 1.8 billion dollars in credits drawn in that country, and this bears very heavily on the pattern of bilateral relations. Secondly, that we have a long-range contract, valid until 1990, for the delivery of coking coal to Brazil. This is a major Polish advantage since the steel industry is of an exceptionally strategic nature and one third of the Brazilian consumption of coking coal comes from Poland. What more, they have adapted their steel industry technologically to the Polish coking coal.

This, however, is also beneficial to the Brazilians. Poland is one of the few countries with which Brazil has clearing accounts and in the present economic situation of that country this form of payment settlements is exceptionally advantageous.

For Poland, Brazil is an extremely important partner since she has a very rich range of raw materials and products essential to the Polish economy. Brazil satisfies the requirements of the Polish food complex in the area of feed grains and holds a competitive edge in this respect on the United States. This is important to us since in this way we are not tied up to just one supplier which — as is known — often employs various methods in its dealings with Poland. Therefore, the possibility of assuring deliveries of soya products, so important to Poland, from Brazil is a major advantage. In the light industry there are major deliveries of Brazilian cotton yarn and other raw materials and semi-manufactures, including sisal. We import also magnesite, which is used by the Polish steel industry in the manufacture of fire-resistant insulation in furnaces, as also other commodities such as manganese ore, castor oil and pepper. The Brazilians are also supplying such products as cocoa and coffee.

For a long time, and now also I think, Brazil was a country doing the largest amount of business with Poland among the developing countries. Did 1983 change anything in this respect?

— In this respect Brazil still holds the No. One position. Brazilian-Polish trade reached its peak in 1980 when it exceeded 700 million dollars, but unfortunately it was a situation in which Polish exports always remained at the level of over 100 million dollars, while the remainder of that sum consisted of imports based on credits. This is how the Polish debt accumulated. Brazil had always pursued an export-oriented policy and it was easy to obtain credits from that country.

Last year was not a typical period, since when Poland was unable to meet her debt-payment obligations, the Brazilians suspended exports

covered by the clearing accounts. They supplied only iron ore because this item is connected with the long-range coal contract. They stated that the remaining items can be purchased by Poland on convertible-currency-payment terms.

In 1983, therefore, Polish exports were valued at 136 million dollars covering chiefly coal, and also sulphur which is also embraced by a long-range contract running up to 1992. Polish imports arriving on clearing terms were valued at 45 million dollars and 60 million dollars-worth of goods was purchased in convertible currency. These latter purchases showed clearly how attractive the Brazilian market is for Poland, since the foreign trade organizations were continuing imports of articles arriving previously on clearing terms. This points to the stable nature of bilateral contacts, in spite of existing difficulties.

I suggest that we now consider Brazilian-Polish trade from the viewpoint of Brazil's economic policy. The view prevails that the strong anti-inflation programme adopted in that country may lead to a deepening of the recession. Moreover, that the planned expansion of exports and the maintaining of imports at the 1983 level — and it was some 20 per cent down on the preceding year — may affect Brazil's external economic relations. Do you think that these factors will, in any essential manner, bear on the bilateral ties and are there any evident fears relating to Polish exports?

— Yes, there are such fears, all the more since this programme, unfortunately encouraging recession, consists chiefly of investment-curtailling measures. For this reason Poland can bank on prospects for an expansion of investment goods sales, and this is an area Poland has been looking forward to in exports to Brazil.

We are a traditional supplier of ships to that market, and these are special-purpose vessels. We shall do our utmost to uphold our position in this field. We shall be finalizing negotiations on a contract for the delivery of a polar research vessel valued at around 50 million dollars; a ship planned to join the programme of Antarctic research. In this respect the Brazilians have quite substantial aspirations. This is a concrete example of investment goods sales, but the delivery would not take place earlier than in two years time.

Polish manufacturers are a traditional supplier of specialist machine tools and we believe that it will prove possible to continue these exports. We also sell rolling bearings and, most surely, some of these ranges will continue to be exported to Brazil. I believe also that we shall continue to export certain types of laboratory equipment which are not manufactured in that country. It needs to be stressed that in spite of her difficulties, Brazil remain the target of an export-expansion and that operating there are still some of the world's manufacturing giants.

When talking of investment exports, I wish to stress one difficulty. I have in mind here the fact that Poland is not a member of the International Monetary Fund and, in consequence, of the World Bank. Many of the tenders announced by Brazil, as in fact other Third World countries, concern only members of the World Bank. This fact makes impossible for Poland to enter for 80 per cent of the tenders covering investment goods in Brazil.

Having said that, do you see any prospects for an investment cooperation?

— We are already taking part in the programme of expanding Brazilian mining. We are cooperating with a Brazilian company in the manufacture of mining equipment, including coal washers. We are also trying to exploit other openings, but we are encountering stiff competition, both in terms of technological and financial considerations, or simply delivery dates.

What about third markets? It is known that the Brazilians are firmly settled in many countries.

— Yes. There are concrete examples. We have already cooperated in Iraq. The contract was signed there by a Brazilian company, while we were the suppliers of rails within the clearing arrangements. Now this same company has won a tender, valued at 1.5 billion dollars, and intends to invite the Poles again. It is a fact that Iraq is experiencing payment problems, but we shall be studying the matter.

It follows from what you have said that the structure of Polish exports should not undergo any major change.

— Rather not, particularly in view of the lack of any major prospects for expanding investment exports. However, I wish to stress once again that we are the only socialist country to be tied up to Brazil by two long-range contracts.

We expect to export this year about 2.3 million tons of coking coal and 300-400 thousand tons of sulphur. These are naturally raw materials and we would have liked them to be some manufactured goods, but the very fact that there exist long-range contracts, that we know which transactions will yield resources for meeting our import requirements, in of no mean importance to a country with a planned economy system. There are several other items which could well be exported: chiefly chemicals, and also brewery raw materials and foundry products.

Is one to expect that the structure of Polish imports from Brazil will remain unaltered, as is the case with Polish export?

We would most certainly like to extend it. Unfortunately we are not quite in a position to do this, though in the future this is a potential supplier of a much wider range of goods than at present.

Returning to the matter of the Polish debt in Brazil, can we expect any further credits from the Brazilian side?

— No. At present the matter of repaying both the short- and long-term debts, guaranteed by the government, for only such exist in this case, has been passed over to the Paris Club forum. Brazil was the seventeenth creditor nation to join this group at its own request. Running a debt of 1.8 billion dollars we are not likely to receive fresh credits.

Summing up, is it possible to expect that Brazil will maintain her foremost position in relations with Poland among the Third World countries?

— Absolutely so.

In other words, in spite of the present difficulties on both sides it is possible to express a certain dose of optimism.

— Most certainly yes.

Trade with Singapore

Warsaw POLISH FOREIGN TRADE in English No 4, 1984 pp 14-15

[Interview with Krzysztof Kijak, commercial counsellor at the Polish Embassy in Singapore, by Leontyna Chudecka]

[Text]

— Singapore is regarded as one of the main centres of world trade. How did it assume such a status?

If we look at the map of South-East Asia we shall notice the exceptionally convenient position of Singapore on the shipping routes from East to West, and particularly between Europe and Africa and the countries of East Asia, Australia and the Pacific Ocean. Singapore has performed this role for centuries. Nevertheless the dynamic economic development of that country goes back in earnest only a quarter of a century; that is from the moment of attaining independence. Singapore owes its present status of one of the four newly-industrialized countries, with a high pace of economic growth, a dynamic external and internal trade, a modern industry, fast expanding construction activities and a developed infrastructure to a consistent and pragmatic economic policy and the discipline and hard work of the people. The mainstay of national income expansion is still the services sector, whose share in that growth reached 74 per cent in 1983. Singapore is the world's second largest port, boasting also a large, modern container terminal. Arriving there are ships of over 400 shipping lines linking Singapore with 300 ports around the world. Sixty thousand vessels dock there and lie off the harbour annually. The modern airport handled over 8.5 million passengers in 1982.

Singapore is one of the world's more important financial centres. Based there are close on two hundred banks and financial institutions and over eighty insurance companies. All these factors — and I have mentioned only the more important — are aiding the export expansion of a country of 2.5 million inhabitants; which did over 50 million dollars-worth of external trading last year, which in per capita terms places it among the world's leaders.

How then, against this background, do you view the development of Poland's cooperation with Singapore?

This cooperation dates from Singapore's attainment of independence, when the two countries established diplomatic relations. Signed have also been many bilateral agreements, including a commercial agreement (the latest in June 1975) which serves as the framework for bilateral deliveries and payments. The largest Polish export items are chemical products, such as caustic soda, carbide, polyethylene, polypropylene and caprolactam.

Among the engineering products mention should be made of road building machinery, electric motors, machine tools and tools and also rolling bearings. In regard to other Polish industrial products, increasing are exports of corrugated board and fibreboard, lighting equipment, window glass and decorative textiles. Shipments of food articles — which were a major Polish export in the past — have now declined substantially comprising only such items as onions, powdered milk and fruit and vegetable preserves, including jams and pickled cucumbers, which are a local delicacy.

Do you see prospects for increasing Polish exports to this attractive market and what do you think is original about it, as also what are the requirements?

It follows from the initially quoted data concerning Singapore's external trade that the potentiality is immense. This applies both to products delivered traditionally as also new ones.

Expected is, for instance, a growing demand for chemical products. In view of the lively construction activity — both home building as well as communal and industrial developments, as also the launching of the underground railway project — there are major openings for deliveries of steel industry products, chiefly construction steel and metal plate for shipbuilding. The development of the latter industry, including ship repair yards, creates opportunities for industrial-cooperation shipments, for instance, in the area of motors and parts for them, as also all manner of equipment for merchant and fishing vessels.

The investment programmes, both in Singapore and neighbouring countries, present opportunities for exports of construction and road building machinery, electric motor, engines, rolling bearings, machine tools and tools.

The dynamically expanding electronics industry, which is one of the main export-oriented branches of the Singapore economy, allows to establish a wider cooperation, ranging from sub-assemblies to the finished product.

Apart from industrial supplies, this is also an attractive market for consumer goods — both foodstuffs and industrial manufactures, such as furniture, porcelain and cut glass. It needs to be remembered, however, that it is also a competitive market, especially demanding, where products are sold from all over the world. Hence the need for exceptionally efficient trading activity and flexibility, consistency and punctuality in deliveries, and in the case of industrial manufactures — a proper after-sales service.

Vitally important on this market is sales promotion, including product display at fairs and exhibitions staged often at the local World Trade Centre.

This year we have planned the participation of Polish exhibitors at at least two major events covering machine tools and tools and electrical engineering industry products.

We expect also manufacturers and exporters from Singapore to arrive in larger numbers at both the Poznań International Fair and the specialist exhibitions organized in this western Polish city.

So far we have dealt with prospects for expanding Polish exports. But what can we buy from Singapore?

Services are an important area of the Singapore economy. As the economy had been expanding there was a rapid development of the manufacturing industries.

Alongside the huge petrochemical industry, based on oil imports from the Middle East and the Persian Gulf states and the already mentioned shipbuilding industry, there were the traditional industries: timber, textiles and caoutchouc processing. In view of the manpower shortage and the need to protect the natural environment, some of these traditional industries are disappearing (textiles). On the other hand, developed intensively is the manufacture of products requiring a high degree of processing and advanced technology, such as the already mentioned electronics, precision-mechanics and optical, aviation and lately the computer industries. Polish imports comprise chiefly caoutchouc and latex, followed by tyres, electronic products

and certain spices. This year Polish importers, acting in cooperation with the Polish-Singapore "Polsin" PTe Ltd, have purchased large quantities of clothing and underwear for the domestic market. This is the first step aimed at a widening of the range of articles imported direct from that region. We are expecting further trips by Polish trading officials who will surely find many attractive articles for the Polish market. Naturally the degree to which the size of Polish imports from that country will increase, depends on how successful the Polish export drive to that market will be.

You mentioned the role of the "Polsin" company in initiating direct purchases. What is the scope of its activities?

"Polsin" PTe Ltd, founded in 1975, is a mixed capital trading company, the stock of which is held by Singapore companies (the main shareholder is the state "Intraco" company) and the Polish foreign trade enterprises. On the Polish side the main shareholder is the "Ciech" enterprise dealing in imports and exports of chemicals, which was in fact the initiator of the whole undertaking and its representative is the "Polsin" manager. As in the past, today also the company deals chiefly in chemical imports and exports. This company also handles the distribution of many Polish products, such as steel industry products (billets, sections, rails, sheet, nails and screws), timber and paper products (particle boards, cardboard, corrugated board) and food articles (powdered milk, onions, potatoes, fruit and vegetable preserves). It also represents the Polish foreign trade companies in engineering products, such as engines, machine tools and tools, and also industrial durables (household articles, cut glass).

The company operates not only in Singapore but also handles sales to other countries of the region: Malaysia, Indonesia, Philippines, Thailand and Bangladesh. Based in Singapore, the company also has a branch in Warszawa maintaining contacts with Polish export and import organizations. The company's turnover figures are expanding steadily and the range of products handled is also widening.

So far we have been speaking about trade alone, but considering the distance dividing the two countries, equally important is the sea transport side of this trade. How often do Polish vessels dock in Singapore?

For the Polish fleet Singapore is also an important transit harbour; recorded annually are about two hundred and fifty dockings of vessels operated by the Polish Ocean Lines, Chipolbrok, Chipol and the Polish Steamship Company. They carry both Polish products shipped to customers in Singapore and take aboard cargoes for delivery to Poland, as also cargoes from and to other ports in Europe and the Far East. Freight carriage figures are rising annually.

A pleasant surprise was last year's visit of the Polish merchant navy training vessel, the "Dar Młodzieży" sailing ship, warmly welcomed by the authorities and the people of Singapore, as also the small local Polish community.

In this way, from economic cooperation we have moved to other areas of bilateral contacts. What would you say about cultural contacts?

There is a large interest in Poland, her history and culture. Looking through the catalogues of the National Library in Singapore and its numerous provincial branches I found many translations of Polish classics, including Mickiewicz, Słowacki, Krasiński and Sienkiewicz's "Trilogy".

As English translations of Polish literature appear, and also publications dealing with the fine arts, music and the theatre we do our best to enrich these collections. The director of the Asia and Pacific Region Museum in Warszawa Andrzej Wawrzyniak, who was in Singapore recently, established a cooperation with the management of the National Museum in Singapore. The greatest interest is displayed, however, in Polish music — both the classical repertoire and the output of contemporary composers.

Perhaps not everyone is aware that Singapore is one of the few countries of the region where there is a permanent, professional symphony orchestra, praised for its high standard and ambitious repertoire, in which works by Polish composers are appearing more and more frequently. In the past two years this orchestra has added to its repertoire works by Szymanowski, Wieniawski and — accompanying Polish soloists — Chopin's piano concertos.

I believe that this year will see a further expansion of contacts and cooperation, both in the economic and cultural spheres.

Let me wish success in the pursuance of these interesting plans and undertakings and thank you for the interview.

CSO: 2020/48

POLAND

NEW GRAIN CONTRACT REGULATIONS EXPLAINED

Cancellation of Old Contracts

Warsaw GROMADA-ROLNIK POLSKI in Polish No 137, 13 Nov 84 p 5

[Article by E. Witowski: "Why Are Multiyear Contracts With Grain Planters Being Canceled?"]

[Text] This year, while new contracts for grain were being signed, the old multiyear contracts were being canceled. Now, as we have learned, by the end of November some of the farmers who produce grain will have their old multiyear contracts canceled. This concerns only those farmers who signed the standard contract years ago. Supposedly only a small number of farmers are affected. It is only a formality, but it is necessary.

The cancellation of the old agreement will simultaneously make possible the signing of a new one, one which takes into consideration the recent changes in the conditions for grain contracting.

"We want," said CZSR [Central Agricultural Cooperative Union] "Farmers' Self-Help" Director Franciszek Lazarczyk, "to make the principles and the course of these negotiations uniform and then follow them closely."

As the saying goes, better late than never, and that is why we praise the decisions of the CZSR "Farmers' Self-Help", because, next year at least, there will be none of the misunderstandings which were all too plentiful this year. In spite of the mandates that obligated the GS [Gmina Cooperative] representatives in contracting, not all of the old contracts were canceled. The farmers who delivered grain under the old agreement were denied payment at the contracted price. Some producers gave up and acceded, but many did not submit and there are instances where the disagreements are still unresolved.

We feel that the farmers should not suffer because of an oversight on the part of the GS workers. The producers who delivered grain under the old contract should be paid the contracted price. It should not be for the farmers to beat at GS doors to get their just due. The adjustment of all such oversights should be the responsibility of the GS and oversight council boards.

Contracting for grain will continue to the end of March of each year, with the farmer defining the type of grain and the quantity he is contracting for. It is obvious that in March it is difficult to estimate how the winter crop has fared and how much grain the farmer can contract for sale. That is possible only in May. Therefore, an amendment has been added which states that farmers who have signed contracts on or before 31 March will be able to adjust the quantity and variety of the grain.

These changes can only be made by farmers who have signed the preliminary contract on or before 31 March. At the end of May the agreement becomes binding for both parties. The producer will not be allowed to deliver rye or barley instead of wheat, or vice versa. The substitutions which caused a lot of confusion last year will not be allowed.

The farmer will have the right to sell 30 percent more grain than specified in the contract at contracted prices. The contracting units are to pay the costs of delivery for lots of 3 tons and over.

A new item in the agreements is the stipulation that the contracting unit, that is, the GS, will pay for only 1 hour of vehicle idle time during loading at the producer's location. This will force the farmers to speed the loading of grain onto the vehicle. Nothing is said, however, about the case in which the farmer has to wait for an hour or more before unloading at the warehouse. He should be paid for his time. The waiting time at warehouses has aroused much criticism from the farmers. At this time the GS pays the farmer for loading, transport, and unloading. We hope that this oversight will be amended in specific regulations before next year's harvest.

1985 Regulations

Warsaw GROMADA-ROLNIK POLSKI in Polish No 143, 27 Nov 84 p.1

[Article by ew: "Principles for 1985 Grain Contracts"]

[Text] Contracting for grain whose delivery will take place in 1985 is presently underway. We are informed by the Central Cooperative Union "Farmers' Self-Help" that at the end of October the GS's had contracted for over 900,000 tons of grain.

Taking into account appeals from farmers, the Ministry of Agriculture and Food Economy has set the principles for consumable grain contracts in 1985. The producers will enter into contracts to supply unlimited amounts of grain to all varieties: rye, winter and spring wheat, winter and spring barley (for consumption, brewing, and feed), oats, buckwheat, millet, and corn.

The agreement can be for one or more years with the possibility of separate contracts for the delivery of winter and spring grain. The agreement can also be collective.

In the agreement the producer is to specify the grain variety, the quantity to be delivered, and, as a control factor, the area under cultivation. The contracts should be signed on or before 31 March 1985.

Taking into account the possibilities for fulfilling the contracts, the utilization of so-called exchanges will not be allowed; that is, the delivery of rye or barley in place of wheat or the other way around.

The producer is to deliver the contracted grain in the correct variety and quantity as stated in the agreement. There is the possibility of exceeding the contracted amount by as much as 30 percent and still being paid the contract price. Grains that were not contracted for and additional quantities which exceed those specified in the contracts will be purchased at prices set for noncontract grains. The contracting unit will assure cost-free transport of the grain from the supplier's farm for lots of 3 tons and over. The contracting unit will absorb transport costs with a 1 hour limit on idle time during loading. The cost of idle time over the limit will be charged to the producer.

In order to improve the quality of delivered grain, beginning on 1 July 1985 the following will be included in the standards for purchased grain:

--a table for equalizing the moisture content of the grain. This table is similar to one used for the purchase of rapeseed;

--an indicator for determining the quality of barley and oats for processing on Vogel sieves.

The specific conditions for contracting, which are in the form of an addendum to the contract agreement, have not been changed.

12411

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YUGOSLAVIA

IDEOLOGICAL DANGER, 'REAGANOMICS' SEEN IN ADVOCATING LABOR MARKET

Belgrade KOMUNIST in Serbo-Croatian 11 Jan 85 p 17

[Article by Vladimir Slijepcevic: "'Reaganomics' Through the Side-Door"]

[Excerpt] Newspaper commentators and individual economists are becoming ever louder in their demands that a labor market be introduced into our country. They say that without a labor market there is no real market economy. One or two years ago such demands were still rare and timid. Expenditure was still more important as the major cause of our economic illness. Public and joint expenditure in the meantime has been rapidly reduced even more than anticipated in the Long-Term Program of Economic Stabilization. Purchasing power from personal incomes has been almost cut in half in the last 6 years. All this has not led to a recovery of the economy. Inflation has increased instead of slowing down, while material production has become ever poorer. Now a new medicine is being offered: the opening of a labor market.

Dr Dragoje Zarkovic writes in EKONOMSKA POLITIKA (No 1704/1705, 29 Nov 84): "Reaffirming the market mechanism in our country, I believe, requires not only respecting the constitutional prescriptions about a unified Yugoslav market, but the establishment of many markets which do not now exist in our country. I am thinking not only of a foreign exchange market, a market of social capital, but also of a labor market. The problem of huge unemployment, both open and hidden, cannot in the long run be successfully solved under our conditions without a labor market. When I speak of a labor market I have in mind also the recent elimination of the legal prescription according to which one could be dismissed from work if one became [part of] a technological surplus."

At the meeting of economists in Opatija a discussion was organized on this question in discussing the 1984 economic policy. One of the participants, Dragoljub Stojanov said (Ibid. No 1703, 19 Nov 84): "The question is theoretical, but is of great practical importance: Can any kind of market function as it is expected to do if we throw one market out of the game? We have thrown the labor market out of the game. For the purposes of discussion, assume the possibility that we have a commodity market, a money market, and a foreign exchange market. However, administering only in one segment, such as the labor market, destroys all other markets, just as administering in the sphere of foreign exchange negotiations on the foreign exchange market (although there is none [in Yugoslavia]) destroys the effectiveness of the market mechanism in the commodity and money market spheres. Accordingly if one strives toward some balance, it must be achieved on all markets."

These are two of many such opinions. The ideas surrounding the establishment of a labor market in our country open up, of course, many questions....

Can ideas regarding a labor market be reconciled with the basic constitutional principle that the socialist social order of the SFRY is based on the power of the working class and all working people and on the relations between people as free and equal producers and creators? If advocates of the...labor market assert that they are not in conflict with the foundations of the system of socialist self-management, who then would be trading in the labor force? Would this mean the workers themselves with their comrades? Or would social ownership hire and fire workers? Perhaps the ideas regarding a labor market should be linked with the assertions ... that the subjects of social ownership should be specified..., e.g., [are they] the state or the administrative, technocratic strata of society.... It is already clear from this that the concept of a labor market is in conflict with the foundations of the socioeconomic system projected in the 1974 Constitution and on the Law on Associated Labor.... It is interesting to see where this concept comes from.

In the most developed capitalist countries the following trends have been characteristic for the last few years: a growth of unemployment, reduced wages, reduced social benefits and aid to the unemployed, less state intervention in the hiring and firing of workers, and attempts to reduce the strength of trade unions, on the one hand, and on the other, an increase in profits. It is thus obvious that the burden of the economic crisis has been thrown on the backs of the working class.... The creators of such an economic policy say that this is painful but it is the only effective and possible way to cross over to a new technological development. At this point, they say, it is necessary to increase profits..., create new capital for investment in new, modern industry. The workers who are unemployed should be patient, while those who are employed should be satisfied with less purchasing power; because when this technological threshold is crossed, new industry will pull forward the entire development and will create... new employment.

The advocates of such an economic policy point to the United States as its major argument. After stagnation and the growth of unemployment, in the last 2 years there has been an exceptionally large industrial increase, unemployment has fallen, and about 3 million new jobs have been opened up. One is trying to apply this example also in the West European countries. But European workers have fought for many rights which American workers do not have; e.g....only 25 percent of U.S. workers are included in collective contracts while the rest are on the free labor market, compared to West European countries where up to 90 percent of employed persons are included in collective contracts. They thereby regulate also the hiring and firing of workers, among other things.

...Attempts to apply the American model in Europe has called forth violent reactions by the workers. One need only recall the series of strikes last year in West European countries against the dismissal of workers or for a shorter work week. ...It is not difficult to uncover the source for those in our country who advocate a labor market. Many of them point to the U.S. example. They forget or intentionally suppress one thing: The reason for the American recovery and the opening of new job lies in...the fact that capital for new investment was

not created by reducing wages or firing workers, but partly by deficit budgetary financing and partly by the inflow of foreign capital.... Practically speaking, the whole world is financing the current American development. This also contains the answer as to why the same economic policy is not producing the same result in Western Europe. And what would a labor market bring to us? Economic stabilization and a recovery of economic development? Certainly not. Rather, that right which it has achieved would be taken from the working class, and the doors of social crisis would be opened up.

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YUGOSLAVIA

EXPORT, IMPORT PRICES FOR 11 MONTHS OF 1984

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 16 Jan 85 p 10

[Excerpts] For the first 11 months of 1984 export prices were 5 percent lower, while import prices were 3 percent higher overall than in the same 1983 period. But the situation is very different when viewed on the basis of commodity sectors: of the total of nine commodity sectors only two had higher export prices than the year before, "animal and vegetable fats and oil" had 13 percent higher export prices but 33 percent higher import prices, while export and import prices for chemical products both increased by 3 percent. The "food" sector had 3 percent lower export prices, and 1 percent higher import prices; "beverages and tobacco" had 5 percent lower export prices but 24 percent lower import prices but very little is imported in this sector. For "mineral fuels and lubricants" including petroleum, export prices were 9 percent lower now that gasoline exports had become a reality, although the crude oil used for its production was imported at 1983 prices. For "manufactured products" export prices were 2 percent lower and import prices 6 percent higher than the previous year; "machines, apparatus, and transport equipment" had 4 percent lower export prices and 7 percent higher import prices; "various finished products" had 11 percent lower export prices and 7 percent higher import prices; for "unprocessed products" export and import prices were both on the level of the previous year, for "medium-processed products" export prices were 3 percent lower and import prices 4 percent higher; while "highly processed products" had 6 percent lower export prices and 6 percent higher import prices.

Although such a situation is partly the result of conditions on the world market over which domestic exporters and importers could have little influence, it is mostly the result of low Yugoslav labor productivity which is inadequate for serious competition. Even more negative was the influence of our unsynchronized operation on the world market based on the principle of "everyone for himself" which has increased especially in the last few years. It is reflected most clearly in the simultaneous export and import of the same products, a situation from which only foreign partners benefit.

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YUGOSLAVIA

IMPORT OF CORN SEED QUESTIONED; DISEASE IN HUNGARY NOTED

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 17 Jan 85 p 11

[Excerpt] The agreement on producing seed in Yugoslavia from American hybrid corn and selling this seed within the country and on third markets, which was signed by the well-known "Pioneer" Seed Company in the United States and the "Osijek" agricultural-industrial combine in Osijek, was the subject of much discussion...in 1984. Most comments...considered the agreement "unjustified" because American hybrids are not more productive than existing Yugoslav varieties.

Dr Dragutin Hadzistevic, scientific adviser for many years in the Institute for Corn in Zemun-Polje, said such agreements are justified only if these foreign hybrids are better than Yugoslav varieties in 95 percent of the cases over a several year period, and if they are worth the cost.

There is also the danger, he said, of importing a disease which did not exist before in our country.... For instance, in Hungary where these "Pioneer" hybrids have expanded in the last few years to cover 70 to 90 percent of the area planted in corn, a "corn withering" disease has been noted caused by the "bacterium stewartii" parasite. This parasite is widespread in North America and it can be assumed that it was imported into Hungary together with the basic seed from the "Pioneer" company. This parasite has been recorded earlier in Italy, a country where foreign hybrids have also been imported without adequate caution and control.

In 1983 the pest *Glischrochilus quadri signatus* Sa.y. was found in our country in fields where the German hybrid "edo" had been sown by the Nova Gradiska agricultural-industrial combine, one of the Yugoslav work organizations which is reproducing hybrid corn from foreign imports. This pest is of American origin and had been unknown in Europe until now, but was probably introduced into our country via West Germany, together with the "edo" hybrid seed. It has also been found around Bozjakovina in Croatia, and it attacks other crops in addition to corn.

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YUGOSLAVIA

BRIEFS

CORN EXPORTS--Up to the beginning of October 1984 a total of 733,441 tons of corn from the 1983 harvest had been sold to foreign buyers, according to the Yugoslav Grain Fund. The corn is valued at about \$110 million and was largely sold in barter agreements for raw and semifinished goods needed in agriculture. [Text] [Belgrade BORBA in Serbo-Croatian 26 Dec 84 p 12]

SOVIET ECONOMIC VISIT TO PRISTINA--Husamedin Azemi, president of the presidium of the Kosovo Economic Chamber received a delegation from the "Ingestrakh" insurance company in the USSR on 11 December. The meeting dealt with economic cooperation between our country, and within this framework, also Kosovo, and the USSR with special attention to international commodity insurance. [Excerpt] [Pristina JEDINSTVO in Serbo-Croatian 12 Dec 84 p 2]

WORKER RETURNEES--Also last year about 40,000 Yugoslavs returned from temporary work abroad, according to Tanjug. New hiring [of Yugoslavs abroad] has almost stopped, with just somewhat more than 1,000 workers being employed [in 1984]. In the last few years these figures have more or less stabilized, with returnees averaging 35,000 to 40,000 annually. In the last 10 years 91,000 have returned from West Germany alone. The average length of stay in Western Europe, according to Milos Cerovac, assistant director of the Federal Bureau for Employment, has increased from 12 to 15 years, and among the first generation, to 20 years. It can be assumed, he said, that their "temporary stay" will be ever longer. There are now about 600,000 working in Western Europe with about 500,000 family members. Ten years ago there were 1.14 million Yugoslavs, including 905,000 workers. [Excerpt] [Belgrade BORBA in Serbo-Croatian 4 Jan 85 p 4]

KOSOVO-CROATIAN PLANTS--Representatives of the "Electric Power of Kosovo" SOUR (composite organization of associated labor) and the Zagreb work organization for automation and technology of measuring in industry (ATM) signed a self-management agreement on 14 December 1984 for the joint development of a production, service and repair plant of ATM in Pristina. The value of this project amounts to 80 million dinars, 62 percent of which will come from the Federal Fund for Undeveloped Areas. This plant will employ about 20 workers, will be finished the end of 1985, and will produce measuring and control instruments for maintaining and servicing measuring and regulating equipment in thermal energy units and in the processing industry. During this medium-term plan period, Croatia has concluded 25 self-management agreements with partners in Kosovo, valued at about 5.8 billion dinars which represents 38.3 percent of Croatia's obligation to Kosovo up to the end of 1985. Although this

[percentage] is insufficient, almost 6,000 new workers have been employed through joint economic efforts. Such agreements have still not reached a satisfactory level, because 30 projects are still in the preparatory stage, 18 are in the final stage, 9 have been completed, while 4 are preparing for test production. [Excerpt] [Pristina JEDINSTVO in Serbo-Croatian 19 Dec 84 p 5]

CROATIAN FOREIGN EXCHANGE--In 1984 about \$350 million of foreign exchange was purchased from citizens in Croatia. Such outstanding results, the fruit of organized action, also contributed toward improving the total foreign exchange balance of the republic and the country. The foreign exchange purchased from Croatian citizens accounts for one-half of the total foreign exchange purchased in 1984 from citizens throughout Yugoslavia. [These good results] also support the view that one cannot, as some suggest, permit the purchase of foreign exchange from citizens to be managed by the Yugoslav National Bank; because if this is done, those in Zagreb believe, interest in this action will decline, i.e., the purchase of foreign exchange from citizens will not take place at all. [Text] [Belgrade PRIVREDNI PREGLED in Serbo-Croatian 4 Jan 85 p 1]

OIL FROM ANGOLA--At the beginning of this year the Zagreb INA-Naftaplin and Novi Sad Naftagas enterprises, which together with three foreign oil companies have been drilling for oil in Angola, will get the first quantities of oil from new deposits in this friendly and nonaligned country. About 54,000 tons of oil will be delivered from these new deposits to [these enterprises], while the remaining fields...will be put into operation in the coming years. It is estimated that our two enterprises will get a total of about 1,179,000 tons of oil from these fields from 1985 to 1990: in 1986 about 150,000 tons is expected, in 1987 about 250,000 tons, and after that 300,000 tons annually. [Excerpt] [Belgrade PRIVREDNI PREGLED in Serbo-Croatian 9 Jan 85 p 12]

EDIBLE OIL, FAT IMPORTS--To meet domestic needs in edible oil and vegetable fats 170,000 tons of unprocessed vegetable oil will have to be imported from abroad; this is 20,000 tons less than last year. This spring 147,500 hectares, or 20 percent more than last year, are to be planted in sunflowers to produce 275,900 tons, or 133,900 tons more than last year. [Excerpt] [Belgrade PRIVREDNI PREGLED in Serbo-Croatian 11 Jan 85 p 12]

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