

"E" DISTRIBUTION - 650

5 APRIL 1963

RFE TARGET AREA RESEARCH AND ANALYSIS

Background Research

INDUSTRIAL INVESTMENTS UNDER THE
FIVE-YEAR PLAN 1961/65

THE COMMISSIONING OF NEW INDUSTRIAL PLANTS
IN POLAND IN 1962

Polish Unit (ZZ)

This paper is a sequel to the paper issued in September 1962 under the same title but covering the year 1961. It gives the allocation of investments by industrial branch and by geographical location in Poland in 1962, that is, the second year of the current 1961/65 Five-Year Plan.

The lists which are given refer only to new plants, the construction of which was started, was in progress, or was completed in the year in question, and which were not previously mentioned. The investments made during this period in already existing plants, aimed at their modernization or extension, have not been included.

All the material in this paper is compiled from official Polish sources available in the Polish Unit of the Target Area Research and Analysis.

I.

Problems and Tendencies of Polish Investment Policy Under the Five-Year Plan 1961/65

The year 1962, the second of the current 1961/65 Five-Year Plan, drastically brought to light all fundamental problems and difficulties facing industrial investments. Owing to failures in agricultural production and foreign trade, the strained conditions in the field of investments became doubly apparent. It also became apparent that strict adherence to general guiding principles and increased discipline and efficiency are necessary if investments are to play the role assigned them in the national economy.

The official guiding principle in the field of the industrial investment policy is that, under the circumstances prevailing in the Polish economy, which is based on rapid expansion, investments are one of the basic conditions for accelerating the economic development of the country.

However, it is realized that investments have to be made more efficient, and to achieve this aim some important changes in the very structure of the national economy are necessary, namely:

- increase in the accumulation of investment capital, and
- increase in the volume of investment goods (home-produced, or else imported).

Owing to limited possibilities in both these fields, during a long period after the war, the employment policy was used as an important tool in increasing investment potential. Labor was directed mainly to capital goods industries at the expense of consumer goods production, and the increase in production of investment goods was due to increased employment rather than to increases in investment capital.

Later it became evident that, to maintain a further steady growth of the national economy, the expansion based on increasing employment had to be replaced by increases in labor productivity and technical progress.

A further important reason for an overhaul of the investment policy was the fact that increasing investments weighed heavily on the country's balance of payments. In recent years, for each 100 million zloty invested, about 2.2 million currency exchange zloty were being spent on imported machinery and equipment (not counting raw materials).

Finally, with the limited investment capital available, it became imperative that investments be directed to the most profitable branches and special attention be paid to economy in the use of materials.

One of the weakest points in Polish industrial investments is the excessively long investment cycle, aggravated by very long waits before the achievement of the full production capacity of new plants.

Thus, while it is admitted that the strong investment drive gives the Polish economy a great dynamic force, the lack of sufficient control over the efficiency of investments produces extremely damaging effects.

II.

Industrial Investments in 1962

References to the general guiding principles in investment policy were strongly in evidence at the outset of the current Five-Year Plan and were repeatedly emphasized when plans for 1962 were being prepared.

The plan for industrial investments in 1962 provided for:

- a considerable increase in industrial investments;
- a greater share of investments in heavy industry as compared with the consumer goods industry;
- concentration of investments on plants producing for export (or anti-import goods);
- concentration on fewer objects and speedy termination of investments in progress;
- increase in labor productivity and technical progress to check excessive expansion of labor force;
- economy in the use of materials.

The results for 1962 were far from satisfactory. According to the Central Statistical Office, industrial investments in 1962 amounted to 49.2 billion zloty
an increase over 1961 of 15.7 per cent
the plan was only fulfilled 99 per cent.

The plan of industrial investments for 1962 foresaw putting into operation 391 new industrial objects (both new plants and extensions in already existing plants). During the first nine months of 1962 only 199 objects (about half of the planned total) were handed over for exploitation.

Investment targets were not reached in many important branches of industry, such as the power, coal mining, iron and steel, engineering and chemical industries.

Imports of investment goods rose considerably:
share in total imports in 1961: 29.1 per cent
in 1962: 32.9 per cent.

The excessive increase in employment could not be checked. According to estimates (end of 1962), employment rose

in 1962 by 115 per cent over the plan:

planned increase in 1962 over 1961 ...	133,000
actual increase in 1962 over 1961 ...	286,000.

III.

As in the previous year, the greatest share of industrial investments in 1962 was directed to key-investments, such as the "Lenin" Steelworks in Nova Huta (almost 2.2 billion zloty), the Petro-Chemical Combine in Plock (about half a billion zloty), the "Turow" coalfields and Electric Power Station, the copper fields of Lubin and the sulphur mines and chemical plants of Tarnobrzeg. The remaining investment funds were divided unevenly among all branches of industry, with emphasis on heavy industry and plants producing for export.

X X X

Following is the list of industrial plants for 1962. The plants marked with an asterisk are those which were handed over for use during 1962. As mentioned before, the list covers only new additions to our register of industrial enterprises.

Building Material Industry

Building Fittings Factory (Zaklad Okuc Budowlanych) -
in Sokolka (Bialystok Voivodship)

Construction planned.

Lime Works (Kombinat Wapienniczy) - Trzuskawica (Kielce Voivodship)
Investment plans prepared. Construction to start in 1963.
Planned production capacity: over six million tons. To employ:
about 3,000 people.

Building Boards Factory (Zaklady Plyt Eternitowych) -
in Wierzbica (Kielce Voivodship)
Construction started in 1962. Will employ about 2,000 people.

Brickworks (Zaklady Cegly Silikatowej) - in Lodz-Marianow
Production started in 1962. Production capacity: 30 million
bricks yearly.

Insulating Factory (Wytownia Plyt Izolacyjnych) -
in Nidzica (Olsztyn Voivodship)
Construction to start in second quarter of 1963. Production
capacity: 14,000 tons yearly. Value of yearly production: over
80 million zloty. First of its kind in Poland.

Concrete Plant (Betoniarnia - in Trecza (Rzeszow Voivodship)
Construction planned within the current Five-Year Plan.

Cement and Chalk Factory (Kombinat Cementowo-Kredowy) in Kornica (Warsaw Voivodship)

Construction to start in 1965. Production capacity: initially 40,000 tons of cement and 100,000 of chalk. Cost of investment estimated at 600 million zloty.

Building Ceramics Factory (Wytownia Keramzytu) in Mszczonow (Warsaw voivodship)

In construction. First of its kind in Poland. To be completed at the end of 1964. Production capacity: about 40 million ceramic units (100,000 cubic meters) yearly.

Insulating Material Factory (Fabryka Welny Izolacyjnej)- in Ostrowiec Swietokrzyski (Kielce Voivodship)

Construction to start in 1963. To work mainly for needs of industrial building.

Food and Agricultural Produce

Cold Storage Plants (Chlodnie Skladowe) - in

Chrzanow (Krakow Voivodship - under construction

Czestochowa (Katowice Voivodship) - under construction

Toszek (Katowice Voivodshio) - under construction

Walbrzych (Wroclaw Voivodship) - under construction

x) Gora Kalwaria (Warsaw Voivodship) - under construction

Krasnystaw (Lublin Voivodship) - completed in 1962.

x) Milk Processing Plant (Zaklad Mleczarski) - in Morag (Olsztyn Voivodship)

Started production in Summer 1962. To process 70,000 liters of milk daily.

Milk Processing Plant (Zaklad Mleczarski) - in Nowy Dwor (Gdansk Voivodship)

Under construction. To process about 100,000 liters of milk daily.

Fish Processing Plant (Zaklad Przetworczy Centrali Rybnej) - in Warsaz-Zeran.

Under Construction. To start production in January 1963.

Production capacity: about 1,800 tons of various fish products.

To employ: 120 people.

Fish Meal Factory (Fabryka Maczki Rybnej) - in Wladyslawowo (Gdansk Voivodship)

Under construction. To start production at the beginning of 1963. To process 54 tons of fish daily.

Meat Processing Plant (Kombinat Miesny) - in Kielce-Piaski

Under construction. To start production in the first half of 1964. To be the largest of its kind in the Kielce voivodship.

Granary and Grain Mill (Kombinat Zbozowo-Mlynarski) - in Munin (Rzeszow Voivodship)

Under construction. To be completed in 1965. To be the most modern in the country. Will process 150 tons of wheat daily.

Liquid Egg Processing Plant (Przetwornia Pasteryzowanej Masy Jajowej) - in Radom (Kielce Voivodship)
Scheduled to start production in 1962.

Fruit and Vegetable Processing Plant (Przetwornia Owocowo-Warzywna)
Construction started in 1962. Estimated cost of construction: almost 100 million zloty.

Metallurgical Industry

Sheet Iron Packing Factory (Fabryka Opakowan Blaszanych) - in Brzesko (Krakow Voivodship)
Construction planned.

Washing Machine Factory (Fabryka Maszyn Pralniczych) - in Grybow (Krakow Voivodship)
Construction planned.

Metallurgical Plant (Odlewnia) - in Koluszki (Lodz Voivodship)
Construction to start within the current Five-Year-Plan.
Production capacity: 80,000 tons of iron castings yearly. To employ: 3,000 people.

Metallurgical Works (Kuznia i Odlewnia Stali) - near Konskie Kielce Voivodship)
Construction to start in 1963. Production capacity: about 20,000 tons of iron castings yearly. To employ: over 2,500 people.

Lamp Bulb Machines Factory (Zaklad Budowy Maszyn Lampowych) - in Koszalin
Construction planned. Cost of investment: 101 million zloty. Planned value of yearly production: 13 million zloty. To employ: initially 1,350, later about 2,000 people.

Mining Machines and Equipment Factory (Fabryka Maszyn in Urzadzen Gorniczych) - in Legnica (Wroclaw Voivodship)
Construction planned. To produce machines mainly for copper mines.

Power Industry

Power Plant (Elektrownia) - in Belchatow (Lodz Voivodship)
Construction to start in 1965. To be one of the largest in the world (5,000 megawatts). Will use brown coal from the neighboring coalfields.

Timber and Paper Industry

Furniture Factory (Fabryka Mebli) - in Goleniow (Szczecin Voivodship) - Scheduled to start production in second half of 1962. To employ 250 people.

Furniture Factory (Zakłady Meblarskie) - in Lesko (Rzeszów Voivodship)

To be built within the current Five-Year Plan.

x) Furniture Factory (Nowienska Fabryka Mebli) - in Nowe Bydgoszcz Voivodship)

Started production in November 1962. Fifty per cent of the production earmarked for export.

Furniture Factory (Fabryka Mebli) in Sucha Krakow Voivodship)
Construction planned.

Wood Products Factory (Zakłady Galanterii Drzewnej) - in Baligród Rzeszów Voivodship)

To be built within the current Five-Year Plan.

x) Carpenter Works (Zakład Stolarki Budowlanej) - in Czuluchów Dąbski Voivodship)

Started production in April 1962. Costs of investment: nine million zloty. Planned production capacity 60,000 cubic meters of goods to the value of 14 million zloty yearly.

Corrugated Cardboard Factory (Fabryka Tektury Falistej) - in Łódź
Under construction. To be completed by the end of 1963 or the beginning of 1964.

Mining Industry

"Czyżowice" Colliery - in Czyżowice in the Rybnik Coal Basin Katowice Voivodship)

Drilling to start in 1966.

"Paniówek" Colliery - in the Rybnik Coal Basin (Katowice Voivodship)
Drilling of shafts to start in 1965.

"Świerklany" Colliery - in the Rybnik Coal Basin (Katowice Voivodship)

Drilling of shafts to start in 1966.

"Kleczew" Colliery - in the Konin Coal Basin (Poznań Voivodship)
Construction planned. Exploitation to start in the seventies.

"Jozwin" Colliery - in the Konin Coal Basin (Poznań Voivodship)
Construction planned. Exploitation to start in the seventies.

Salt Mine (Kopalnia Soli) - in Mogilno (Bydgoszcz Voivodship)
Under construction. Final production capacity: 2.5 million tons yearly.

Miscellaneous Industries

x) Ceramic Works (Zakład Ceramiczny) - in Radom (Kielce Voivodship)
Started production in 1962. Will produce mainly elements for the electrotechnical industry. Part of production earmarked for export. Employs 70 people.

Artificial Diamonds Factory (Fabryka Sztucznych Diamentow) - in Skawina (Krakow Voivodship)
Construction planned. To be completed within the current Five-Year Plan. Will produce industrial precious stones.

Gas Works (Gazownia) - in Zaton (Wroclaw Voivodship)
Construction planned. It will be a huge plant using brown coal. Production capacity: half a million cubic meters of gas daily.

Glass Works (Huta Szkla) - in Czestochowa (Katowice Voivodship)
Under construction. Production to start at the end of 1962. Production capacity: 70-100 million glass containers for pharmaceutical and cosmetics industries. Part of production earmarked for export.

Clothing Industry

Clothing Factory (Zaklady Odzieżowe "Chalupnik") - in Lodz
Organized in October on cottage-industry principle. To employ in 1963 over 300 women and later about 1,000.

Shoe Factory (Wytownia Obuwia) - in Warszawa-Sluzewiec
After several years of construction to start production in 1963. Final production capacity 600 thousand pairs of shoes yearly.

- x) Leather Goods Factory (Fabryka Wyrobow Skorzanych) - in Miastko (Koszalin Voivodship)
Production started in December 1962. Production capacity: 1,200 thousand pairs of gloves and over 200 thousand leather jackets and coats.