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## EAST EUROPE

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### POLISH PLAN FOR DEVELOPING THE CHEMICAL INDUSTRY CRITICIZED

Summary: A technical journal has criticized the Polish plan for developing the chemical industry as inadequate, particularly in the field of petrochemical production and oil refining. A shift in investments from other industrial branches is justified on the basis of Poland's poor showing in comparison with other countries, even on the basis of the projected 1975 production targets for Poland and the attained levels for 1967 and 1968 for other countries, the simpler problems of expansion for the chemical industry, the broad uses of the products in other industries, the economies attained in the use of chemical raw materials as substitutes, and the ease of exports.

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An unsigned article appearing in the Polish trade journal Chemik charges that the "selective development" investment program for the chemical industry, as outlined for the forthcoming five-year plan period, 1971-1975, will fall far-short of actual needs.(1) This challenge was accompanied by a companion criticism in another Polish journal aimed at the policies adopted for the development of the petrochemical industry. The authors of the second article claimed that these policies sacrificed the interests of the petrochemical

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(1) Chemik, June 1970, pp.203-205.

industry for the benefit of the coal sector.(2)

After noting that planned production of chemical products for 1971-1975 is to increase by 77 per cent over the current five-year plan, the anonymous writer of the article in Chemik is quick to point out that that figure is below the growth figure for the current five-year plan (93 per cent) and yet smaller than that for the 1961-1965 period (98 per cent). He then rapidly turns his attention to the major petrochemical fields of oil processing, plastics, and chemical fibers.

Only the projected growth (205 per cent) in the production of synthetic fibers is given full approval. Turning to the oil refining goal of 13.7 million tons for 1975, he then notes that, in comparison with the volume of oil processed by other countries in 1967 (a difference of eight years), the projected Polish target would be "about 12 per cent of the volume of oil processed in Japan; about 15 to 16 per cent of the processing in such countries as West Germany, Great Britain, Italy, and France; 22 per cent of the processing in Canada; 32 per cent of the processing in Holland; 60 per cent of the processing in Belgium or Sweden, 66 per cent of the processing in Spain, and will exceed by 7 per cent the volume processed in Denmark eight years ago" (i.e., 1967).

The picture in the field of plastics is found to be equally dismal. The projected 1975 per capita production of plastics in Poland has been set at 15 kilograms, a level short of that reached in 1968 by "other, not necessarily highly developed countries." Following a listing of the much higher per capita production figures in a large number of countries, the writer for Chemik concludes that:

The current dynamic of the world-wide production of plastics, which is designed to equalize the output of plastic and steel in 20 years, allows us to guarantee that the cited --

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- (2) Engineer Ludwik Bednarz and Engineer Andrzej Czerkowski, "Petroleum Governs Economic Insensitivity," Nafta, July, 1970, pp. 93-197. Discussed in Harry Trend, "Polish Fuel and Oil Policies Criticized," Polish Background Report/16, Radio Free Europe Research, 30 September 1970.

and for us unattainable -- indexes will rapidly improve.

The Polish critic reviews the over-all investment growth projected for the chemical industry and compares it to the economic investments for the country as a whole during the next five-year period, and finds it necessary to ask the question: "Is the chemical industry losing the privileges of a priority branch?" He implies that one must answer with a "yes." This conclusion is based on a comparison of the investment growth in the 1971-1975 period for the chemical industry of 43 per cent above the current level, reaching a total of 102,200 million zloty, with that of industrial investments as whole. While increases in investments in the chemical industry point in the right direction, the Polish critic warns that Poland "may anticipate that only the implementation of the next five-year plan in 1976-1980 will bring Poland considerably closer to the goal which is the ambition of chemists and the duty of industry with regard to our whole national economy: to build a great, powerful petrochemical industry." But even this conclusion may prove to be illusory, because the projected figures developed for the chemical industry in the draft plan "may not be final." He expected a cut in the planned investment targets.(3) To preclude such reductions, the Polish critic notes:

The fact is that the development of the chemical industry has gone beyond the point at which it was the concern of just one ministry. In an era of selective national economic growth, modern chemical branches should play the prime role in our country's growth; the problem of developing a large-scale petrochemical industry is a nationwide economic matter. This branch is difficult, expensive, and potentially very effective.

He then warns that "We have already decided in favor of its gradual growth."

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- (3) In August, 1970, the Polish Ministry of the Chemical Industry indicated an expected growth of 40 per cent, or a total investment in the chemical industry of 100,000 million zloty. PAP in English, 17 August 1970.

In order to obtain a reversal of the investment policy for the chemical industry, the writer in Chemik asks whether the concentration of greater resources and effort in this industrial sector would not prove to be "more advantageous than the results that can be achieved by proposals submitted to the central economic planning office by other economic branches." The arguments aroused by this question are presented in support of a redistribution of investment resources in favor of the petrochemical industry.

The Polish critic, who favors an expanded investment program for the chemical industry, argues that: 1) "the utilization of petrochemical raw materials means forcing the manufacture of products which prove the modernity of the production structure of various industrial branches," and that this would be "profitable"; 2) that, in comparison with, for example, the machine-building industry, the development of petrochemicals is a "much easier and simpler industrial task." In support of the latter argument, he notes that the manufacture of a large quantity of plastic, for example, is much simpler, the maintenance of quality less complex, the number of foreign licenses needed is fewer, and the chances for the export of chemicals are not less than for products produced by the machine industry. In short, the "risk" involved in the manufacture of modern chemical products is smaller than in the production of machines.

In order to avoid the wrath of the powerful interests of the machine-building industry, the Chemik writer is quick to add that his arguments "are not intended to undermine the obvious necessity to develop the machine-building industry." He also notes that machines are necessary for the development of the chemical industry and that "chemicalization cannot replace mechanization (even though export of chemicals may supply foreign exchange currency for the purchase of some machines and instruments)."

After providing this salve to soothe any hurt feelings, he continues to stick to this conclusion that the petrochemical industry should be expanded far more rapidly than planned for the 1971-1975 period. All he wants to do is "to make clear that the chemical industry has every reason to compete with other leading industrial branches, not to mention the traditional branches, for additional investment funds." Such competition for



investment funds would be particularly healthy for the Polish economy and the final consequence of such rivalry would become self-evident because:

Success in this rivalry, manifested in an accelerated growth of petrochemistry and related branches, would be a milestone on the path of Polish chemistry.

Harry Trend