

# RADIO FREE EUROPE *Research*

## COMMUNIST AREA

USSR/33

● USSR: Economics

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### AUTOMOBILE PRODUCTION TARGET FOR 1975 DISCLOSED

(See end for summary)

For the first time an authoritative Soviet source has revealed the 1975 production target for the Soviet automobile industry. On 25th February, 1969, the Minister responsible for the industry since 1965, Aleksandr Mikhailovich Tarasov, gave an interview to Tass during which he remarked that:

Specialists estimate the capacity of this branch as 2,000,000 automobiles in 1975.

The 1970 target given by Tarasov was between 1,350,000 and 1,400,000 automobiles, of which 750,000-800,000 are to be passenger cars. That has been the standard goal of the industry since 1966, and although it seems most unlikely to be achieved in practice, it has not yet been revised downwards, as has happened to so many of the 1970 heavy industry targets.

Tarasov also pointed out that in 1969 capital investment in the automobile industry is scheduled to total 1260 million rubles, a rate three times higher than during the first three years of the 1966-70 plan.

The 1968 rate of output was 800,000 automobiles a year, but of these 478,000 were lorries. The build-up

can be seen in the following table:

USSR Automobile Production (units)

Year	Cars	Trucks and Buses
1960	138,800	385,000
1961	149,000	406,000
1962	160,000	418,000
1963	173,100	413,000
1964	185,200	418,000
1965	201,200	415,000
1966	230,000	445,000
1967	251,000	
1968	322,000	478,000
1969	n.a.	n.a.
1970	750,000 (plan)	650,000 (plan)
1975 (plan)	1,150,000	850,000 (plan)

On present plans the full capacity of the Togliatti Fiat plant will not be reached until 1972, by which time it is designed to turn out 660,000 cars a year. The plant is already believed in the West to be behind schedule, so these figures are probably optimistic (see Sovietskaya Rossiya, 4 February 1969).

In his interview with Tass, Tarasov announced that lorry capacity in Moscow, Gorky, Minsk, Kremenchug and elsewhere is to increase by 200,000 units by 1975. It can therefore be deduced that Tarasov is hoping for car production in that year to be 1,150,000.

The break-down of the latter is by no means clear but is thought to include approximately:

350,000	Moskvich
660,000	Fiat 124s (VAZ-2101)
100,000	Volgas
50,000	Zaporozhets

However the breakdown may look in the end, it is already evident that the 1969 rate of capital investment will have to be more than doubled by 1975 if Tarasov's new target figure is to be approached, let alone reached. If this estimate is correct, then the build-up of investments in the automobile industry will have to be at the rate of at least 200,000,000 rubles annually:

Estimated Automobile Industry Investment  
(billions of rubles)

<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>
1.26	1.5	1.7	1.9	2.1	2.3	2.5

There are few other industries in which investment is likely to double in six years. On the evidence of 1960-1967 form only light industry, engineering and metal-working, chemicals and petro-chemicals, oil and gas, and agriculture can expect to see such a high growth rate. Total industrial investment, as well as investment in electricity, coal, the steel industry, wood and cellulose, building materials and the food industry are all likely to grow appreciably more slowly.

On the question of the price at which the Fiats are to be sold, there is still complete obscurity. Krokodil recently sent a reporter to Togliatti to try to find out, but he came away empty-handed, shedding tears of frustration which seemed more genuine than crocodile. On the other hand the London Times (13 February 1969) has suggested a figure of about 3000 rubles, in which case the output of



the Togliatti plant alone will eventually be worth almost 2 billion rubles a year. The Kremlin is evidently firmly embarked on a capital-intensive but highly profitable expansion program launched with the aid of Fiat, Renault and the U.S. The foreign capital in Tarasov's program, as far as is known here, amounts to 150 billion lire from Italy (15 years credit at 5.5-5.9%) (1), 250 million francs from France at 5 1/2% p.a. (2), and \$37,000,000 from the USA, on terms which have not yet been disclosed, the latter sum being for machine-tools.

**Summary:** For the first time a reliable Soviet source has disclosed the 1975 automobile production target. It involves more than doubling the present annual output, and firmly establishes the automobile industry as one of the fastest growing consumers of capital investment in the economy.

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Estimated Automobile Industry Investment  
(billions of rubles)

1975	1974	1973	1972	1971	1970	1969
2.5	2.3	2.1	1.9	1.7	1.5	1.3

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On the question of the price at which the Fiat are to be sold, there is still complete obscurity. It is likely that a reporter to Togliatti to try to find out, but he came away empty-handed, shedding tears of frustration which seemed more genuine than crocodile. On the other hand, he seemed more genuine than crocodile.

- (1) Neue Zuercher Zeitung, 8 May, 10 May and 18 August 1966.
- (2) Neue Zuercher Zeitung, 27 October 1966.