

PRIORITY

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POLAND

TRADE (3300)
Soviet Exploitation (3310)

COMMUNIST PARTY (0600)
Comecon (0602/3)

SOVIETS PAY ONLY 25 PER CENT FOR POLISH GOODS.

SOURCE MUNICH: Confidential source.

DATE OF OBSERVATION: Until the beginning of September 1956.

EVALUATION COMMENT: This is not the first time that we hear about this one to four ruble to zloty disparity. This information comes from a competent and reliable source. Even if we hesitate about accepting the story as it stands, we suggest putting over the radio some embarrassing questions on the subject.

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All trade exchange with foreign countries is registered at the Ministry for Foreign Trade. All trade is registered under two headings, with so-called "dollar countries" and "ruble-countries." All Western States, irrespective of in which currency the trade is carried on, are termed dollar-countries and exchanges with them are entered in dollars at the dollar rate in Switzerland on the day of the transaction. The "ruble-countries" include the Soviet Union, the People's Democracies, China, Korea and Vietnam. The trade exchange with these countries is entered in rubles at the rate of one ruble = four zloty, with

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the exception of the USSR, where the trade is entered in a different manner.

When Poland exports her goods to the Soviet Union, the Soviets pay one ruble for one zloty, but when the Poles import anything from the Soviet Union, they have to pay four zloty for one ruble. This means that while the Poles have to pay the full price for their purchases, the Russians pay only 25 per cent of the price. This subject is "taboo" in Poland and is never discussed, not even among the highest functionaries. However, in a few isolated cases source has heard the explanation which has been invented in order to show that this practice is not exploitation of Poland by the Russians. The claim is that the trade exchange with the Soviet Union is very favorable for Poland, as this country can export goods to Russia which cannot be sold in the West owing to their inferior quality and also that Poland gets from the USSR loans at a very low rate of interest and buys from the USSR very valuable capital goods at low prices, which are often not available in the West.

All these claims are right in some measure, but they never explain why the Russians should pay only 25 per cent of the price for the Polish goods. The statement that Poland exports inferior products to the Soviet Union is partly true. The coal that goes to the USSR needs not to have the same degree of purity and the same calory value as the coal that is exported westwards, the bacon that would not be accepted in the West owing to its poor quality, can always be sold to the Soviet Union. However, it must be admitted that the quality of the goods coming from Russia is not higher.

The trade exchange with the People's Democracies and China is carried on on the basis of normal prices. But as China, for example, has no goods worth mentioning to supply, the Poles have to take what they can get from there, merely in order to balance somehow the trade. This is done partly for political reasons and partly in the hope that the Chinese market can prove profitable in the future.

The final balance with all countries is drawn up at

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the rate of one dollar - four rubles.

Not even all Ministers know how the prices are fixed in the trade exchange with the Soviets. All directives for foreign trade come from one organization, the State Commission for Import and Export (Rządowa Komisja Eksportu i Importu.) It consists of certain deputy prime ministers (vicepremierzy resortowi,) T. GEDE who is in charge of items concerning the light and consumer goods industries, St. JĘDRYCHOWSKI who is in charge of the heavy industry, Z. NOWAK who is responsible for farming and the forests, and, formerly, Hilary MINC who was responsible for the finances. The latter has been sick for more than a year now, and source does not know who attends to his department at present. Over and above these, the commission comprises representatives of the CC of the Party and those ministers whose fields are under discussion, as well as the chairman and the vice-chairman of the State Planning Commission.

This Commission issues directives to the Planning Commission which prepares export and import plans for the various ministries on the basis of the directives. At every ministry there is again an export-import commission, which consists of the minister, the heads of the central industrial administrations (Centralne Zarządy,) a representative of the Planning Commission and the heads of the departments whose business is under discussion (all ministries are divided into departments.) The ministries draw up a detailed plan and send it back to the Planning Commission for approval. This implies that the ministry is a subordinate organ without any right to make decisions, and its functionaries know what happens, but usually have no idea why it happens.

In addition to the Soviet Union, North Korea and, partly, Vietnam, are countries which receive goods from Poland at less than self-cost. Source although he has not lately been concerned with the export of coal is firmly convinced that roughly 34 million tons of coal are exported to the Soviet Union yearly. At least Poland exported this quantity to the USSR in 1952, and the export has not decreased since then.

End.