

March 26, 1981
Session of the CPSU CC Politburo, 26 March 1981
(excerpt)

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Summary:

Soviet leaders discuss the results of negotiations with a delegation from the Polish People's Republic, where Poland requested increased import of raw materials.

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SESSION OF THE CPSU CC POLITBURO
26 March 1981

Cde. K. U. CHERNENKO presiding.

Also taking part: Cdes. Yu. V. Andropov, M. S. Gorbachev, V. V. Grishin, A. A. Gromyko, A. P. Kirilenko, D. F. Ustinov, P. N. Demichev, V. V. Kuznetsov, B. N. Ponomarev, I. V. Kapitonov, V. I. Dolgikh, M. V. Zimyanin

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5. On the Results of Negotiations with a Delegation from the Polish People's Republic

CHERNENKO. Cdes. Baibakov, Garbuzov, Arkhipov, and Alkhimov held negotiations with the PPR Deputy Prime Minister, Cde. Jagielski. The Polish side put forth a request for deliveries of raw materials for light industry and for additional deliveries of oil, metal, cellulose, and other goods. A recommendation is made to agree to provide the PPR with additional supplies in 1981 of chrome ore, woodchip slabs, asbestos, and other materials, and also a certain quantity of cotton and barley.

ARKHIPOV. We're giving Poland a limited quantity of raw materials, because we're simply unable to give a larger quantity. In particular, we're not yet able to give a positive response about the processing of Soviet raw materials in Poland.

With regard to the economic situation in Poland, Cde. Jagielski informed us that the plan for 1981 will be some 20 percent lower than the plan for the preceding year, 1980. The Poles are having particular difficulties with coal production. Coal, as you know, is designated for export and is a means of earning hard currency. Instead of 180 million tons, as envisaged in the plan, they will produce at best 170 million tons. The production of meat is falling by 25 percent, and sugar by 1.5 times. Instead of 1.5 million tons, they'll end up with a maximum of 950 thousand tons.

Right now in Poland a question has arisen about setting rates for supplies of bread and flour.

With regard to the financial situation, the indebtedness of Poland, particularly to capitalist countries, is 23 billion dollars, of which 9 billion was received through guarantees from the states involved. The remaining credits were provided to the Poles by private banks. All told there are 400 banks involved. Right now the Poles are faced with a situation in which they have to purchase different goods abroad for roughly 9.5 billion dollars. All of this will have to be done on credit. Exports will come to a total of 8.5 billion. Western countries are doing all they can to put off a decision on whether to extend new credits to Poland. Right now the Poles need to pay off 1.5 billion dollars. This applies mainly to interest on previous debts. They're requesting 700 million dollars from us. Of course we can't possibly come up with such a sum. Without any delay, however, we are now providing Poland with oil, natural gas, iron ore, etc.

During the discussion, the Polish friends asked whether they should abide by a moratorium on credits or enter the International Monetary Fund and request additional credits from Western countries. Of course in either case it will be a

concession to the Western countries and will not provide any sort of economic boost. The Poles themselves are divided on this matter. They're asking us to give them additional cotton and artificial fiber.

GROMYKO. The Polish comrades emphasized how serious the situation is with imported goods, because they suffer from being so dependent on these goods. But it's worth noting that they don't attach much importance to the supplies of raw materials from the Soviet Union. They consider that question to be merely a trifle. Whereas in fact what they're receiving, the cotton, should be ours, and the ore is also ours, and the oil.

ARKHIPOV. We are supplying 13 million tons of oil to Poland at 90 rubles a ton. If you bear in mind that the world price for a ton is 170 rubles, that means we are subsidizing the Poles at 80 rubles for every ton. We could have sold all this oil for hard currency, and our earnings would have been enormous.

On this matter, Cdes. Andropov, Ustinov, Kirilenko, and Grishin also spoke.

A decree is adopted.

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