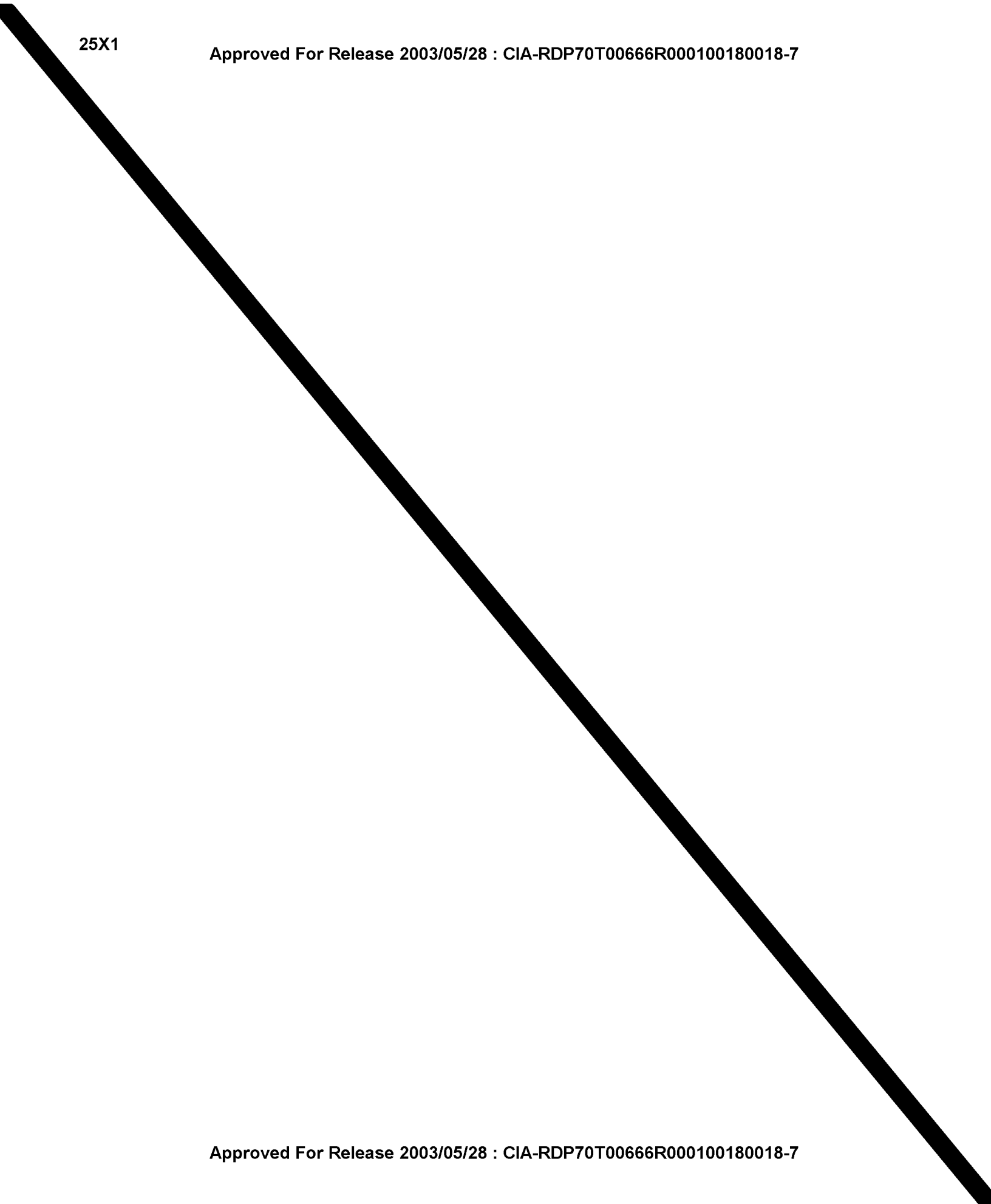

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22 APR 1964

MEMORANDUM FOR: Deputy Director (Intelligence)

SUBJECT: Transmittal of Third Monthly Report on 1964 Prospects for Agriculture in Communist Countries

The attached papers are the third in the series of monthly reports on the current 1964 outlook for agriculture in Communist countries. They have been prepared in response to a request from the DCI relayed to us [redacted] 25X1

[redacted]
Acting Assistant Director
Research and Reports

Enclosures: (6)
As stated above.

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Prospects for Agriculture in Communist Countries, 1964

1. USSR

As of mid-April crop prospects in the USSR continued to be relatively favorable. Soil moisture reserves at the end of March were good to excellent throughout the most important agricultural regions, but weather during the current growing season will play a major role in determining the size of the harvest.

The spring sowing campaign is gaining momentum and, by April 15, about 8.3 million hectares of spring crops had been planted, an improvement over 1963. Because of the late spring in Moldavia, North Caucasus, and in the Ukraine (about two weeks behind normal), spring sowing is lagging slightly behind plan.

Soviet officials have not indicated the extent of the reseeding of fall sown grains that will be required because of the lack of germination and winterkill. The Soviets have cautiously stated that winter grains in scattered areas were in good condition, but several reports have indicated that some reseeding will be necessary. Considerable reseeding was required in the spring of 1963.

Despite below normal precipitation in the "new lands" area during February and March, moisture reserves are good throughout the area and prospects for the grain crop in this area are much better than at the same time last year. A shortage of good quality seed may hamper Soviet efforts in their attempt to recover from the disastrous 1963 wheat crop, although the wheat imported from Canada (where wheat is grown under conditions comparable to the new lands area), would probably be suitable for seed.

2. The European Satellites

The condition of winter grains (wheat, rye and barley) as of mid-April continued to be more favorable than at the same time last year in all of the European Satellites except Rumania and Bulgaria. Near normal levels of precipitation occurred in March, but amounts were not sufficient to overcome the deficit of soil moisture in Bulgaria and Rumania. Winter wheat on irrigated land in Bulgaria was being irrigated in late March, whereas irrigation is not normally required until May. For the other Eastern European countries, soil moisture continued to be adequate for winter grains. Plans indicate that the total acreage of wheat (winter and spring) will exceed last year but partially at the expense of rye and oats plantings.

The planting of spring crops is now in full swing following a delay of two to three weeks because of cold wet weather in late March, especially in the northern Satellites. The low level of soil moisture throughout most of Rumania and Bulgaria threatens not only future development of winter grains but also spring planted crops. National plans for spring crops reveal intentions to expand areas devoted to corn in the southern Satellites and to sugar beets throughout the Eastern European nations as a whole.

The livestock situation is currently not as favorable as that for crop production. Slaughterings are generally lower than a year ago. This situation has caused the retail supplies of meat to remain tight with no improvement in sight before next fall. Limited evidence indicates an upward trend in food prices over the past several months in several Eastern European countries.

Some Satellites are in the market for grain imports for consumption prior to the 1964 harvest. East Germany and Czechoslovakia have recently purchased small amounts of corn from the U.S. for delivery in May, and they may be shopping for additional quantities of feed grains in other Free World countries. Hungary and Bulgaria also may need to import additional wheat before July to fulfill domestic requirements.

3. Communist China

Prospects for the winter (fall seeded) wheat crop remained favorable through March because of continued above normal precipitation in the major producing regions. However, heavy snow and prolonged unseasonal freezing reportedly were detrimental to other winter crops -- primarily rape, sweet potatoes, and miscellaneous grains -- in portions of Central, South, and East China. A continuation of the excessive precipitation in Central and East China may delay or prevent the spring sowing of major food crops in some areas.

Moisture reserves are greatly improved over last year in the important early rice areas of South China. However, the success of this crop -- which is transplanted in April and early May -- is largely dependent upon the timely arrival of the spring monsoons.

Contracts for the purchase of about four million tons of grain have been concluded to date, primarily for delivery in the first half of 1964. Imports of grain during the first half of 1963 totalled 3.7 million tons.

4. North Korea

Sowing conditions remained favorable through March in the major agricultural regions. Precipitation was above normal during March and soil moisture reserves are believed to be high. Generally above normal temperatures may permit the early sowing of major food crops.

5. North Vietnam

As of the end of March, moisture conditions in North Vietnam appeared to be better than average. Prospects for the spring (May harvested) rice crop are considerably better than last year when about one-fourth of the total acreage was affected by severe drought. Although officials claim that the planned rice acreage goal was met, delayed transplanting caused by unseasonal cold weather and waterlogging, probably will limit the anticipated increase in yields.

In order to supplement tight food supplies, North Vietnam continues to import sizable quantities of coarse grain, primarily corn, and has encouraged increased production of subsidiary food crops. Planting of the subsidiary food crops this spring, however, is reportedly behind schedule.

6. Cuba

As of 31 March, Cuba probably had produced between 2.3 and 2.5 million tons of sugar since the beginning of the 1964 harvest. By the same date in 1963, almost 2.3 million tons of sugar had been produced. There were 136 mills grinding on 31 March this year compared to 135 mills operating at the same date in 1963.

The average yield of sugar from cane milled during March continued to run moderately below that of last year, as it has since the beginning of the current harvest. In spite of the fact that yields are generally at their highest during March, the average yield this year was lower than the average for the 1963 harvest.

Whether the 1964 crop will continue to maintain its lead over last year is not yet clear, but we believe that the harvest is maintaining much of its earlier momentum. Therefore, it appears that the 1964 sugar crop will at least equal the 3.8 million tons of 1963, and may be somewhat larger.

During March and April, Cuba continued the planting of new sugar cane land, in many cases at the expense of land formerly devoted to other crops. If she is to avoid a decline in the production of general food crops as the result of this reallocation, Cuba must realize a substantial increase in agricultural productivity. There is evidence that Cuba is prepared to make a major effort in this direction by stepping up sharply the use of fertilizers. Imports of 166,000 tons of fertilizer during the first quarter of 1964 were about three times as large as during the corresponding periods of 1962 and 1963. The large supplies of fertilizer are probably designed for use in both sugar and non-sugar crops.