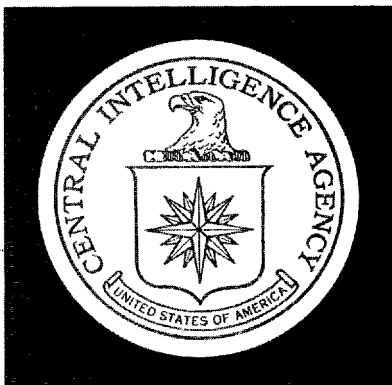


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Agricultural Prospects in Communist Countries

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AGRICULTURAL PROSPECTS IN COMMUNIST COUNTRIES

Crop prospects in the Communist countries as of mid-June were relatively good, with the exception of North Vietnam. If the weather continues favorable during the summer, most of these countries should have at least an average production year.

In the USSR and Eastern Europe, grain production probably will be above average but below the record level of 1966. Although the current outlook for the early grain harvest in Communist China is favorable, prospects for late-harvested crops are still uncertain. China will probably import at least 5-6 million metric tons (MMT) of grain from the free world, as it has in the past. In North Vietnam, prospects are unfavorable for the spring rice crop. A below-average area was planted, and the harvest has been adversely affected by numerous difficulties. Cuba has virtually completed harvesting 6.1 MMT of sugar, roughly 1.6 MMT more than the poor harvest in 1966.

The USSR

The Soviet Union appears to be heading into a good, but not outstanding, agricultural year. In general, total grain production this year should be at least average but well below the record crop, estimated at 135-140 MMT, produced last year. Livestock products are expected to exceed last year's record output.

A good winter wheat crop will be harvested for the third year in a row, but the outlook for spring wheat is less promising. The area sown to this crop is ten percent less than a year ago. Good rainfall in late May and early June has helped the spring wheat crop appreciably,

but soil moisture reserves remain low in many important areas.

The USSR probably will not need to import wheat during the 1967-68 trade year, other than the 3 MMT specified in the 1966-68 contract with Canada, because the size of its reserve has increased. Unrationed flour is available in the stores, and if the harvests go well, the USSR probably will continue to be a net exporter of grain again in 1967-68. So far, there is no indication of how much of Egypt's large import requirements over the next 12 months will be met by the USSR.

The development of most row crops in the USSR is proceeding normally. Part of the acreage

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sown to cotton has to be replanted, however, because of unseasonably cold weather during the first part of June, which also damaged certain vegetable crops.

In the livestock sector, prospects are excellent. Good feed supplies and increased incentives for the farmers are probably promoting even greater efforts in this area than before. The state's procurement of livestock products is continuing at a rate well above that of last year, and increased supplies are already available in the retail outlets.

Eastern Europe

Crop prospects are at present above average for the countries of Eastern Europe, including Yugoslavia. In most countries, the outlook is equal to or better than it was a year ago at this time. The production of breadgrains, particularly winter wheat, is likely to match the peak levels of 1966, and the output of barley and oats will not be far behind. It is still too early, however, to forecast the output of the important corn crop in the Balkans.

Good soil moisture reserves and frequent rainfall during the spring are the main reasons for the currently good outlook. Increased allocations of fertilizers, seed, and machinery, as well as higher procurement prices this year, are also having a beneficial effect. There have been no significant changes in the area seeded to grain and row crops ex-

cept for a reduction in sugar beet acreage.

East European imports of grain during 1967-68 probably will not exceed the reduced level of 7.2 MMT imported in the past 12 months, which were down from the 8.7 MMT imported in 1965-66.

Communist China

The outlook for winter grains in Communist China is relatively favorable, and the winter wheat crop is expected to exceed the poor harvest of a year ago. The early rice crop has been affected by the variable weather this spring, and the amount of precipitation, during June will be crucial to the final outcome. Sowing plans for autumn-harvested crops have already been set back somewhat by below-normal rainfall in May.

The extent to which the unrest associated with the Cultural Revolution has affected agricultural production is not clear. The available evidence suggests that there has been no major disruption of farm work in the countryside. There are indications, however, that work has suffered at some of the state-managed produce farms adjacent to major urban areas. Local reductions in grain rations accompanied by rising retail prices, which have been noted since the first of the year, are probably attributable to the poor autumn harvest last year rather than to the Cultural Revolution.

Regardless of the size of this year's total grain harvest,

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China will probably need to import at least 5-6 MMT of grain from the free world as it has in the past. Good harvest prospects in all the major wheat-exporting countries indicate that China will have no trouble lining up suppliers.

North Vietnam

In North Vietnam, prospects are unfavorable for the spring rice crop, which accounts for about one third of the total rice harvest. The area planted to spring rice is below average and the situation has been further weakened by transplanting delays, cold weather, air attacks, and labor shortages. Some rice fields have been planted with other crops such as sweet potatoes, which are a more reliable crop than rice

although less valued by Vietnamese consumers.

Cuba

The Cuban sugar cane harvest, now virtually completed, will produce about 6.1 MMT of raw sugar, about the same as in 1965 but 1.6 MMT more than last year. Good weather was mainly responsible for this success, although technical innovations also helped.

Substantial increases in the production of coffee and rice are expected this year over the 1966 levels of output. The 1967 tobacco, tuber, and corn crops are estimated to be at about the same levels as a year ago, as are the major categories of livestock products.

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