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*Soviet Grain Crop Prospects at the End of July*

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## SOVIET GRAIN CROP PROSPECTS AT THE END OF JULY

## SUMMARY

1. Because of dry weather in July, we have reduced our estimate of the 1974 Soviet grain crop from 205 million metric tons to 198 million tons. Even though the expected crop still would be second only to last year's bumper crop of 222.5 million tons, it would barely meet rising requirements.

2. Rainfall, the most important short-run determinant of grain output, was abundant over most of the grain area from mid-April through June, promising a harvest even larger than the plan target of 205.6 million tons. However, in July, weather conditions turned sour in a large part of the grain belt.

3. West of the Urals, with the start of the grain harvest, the July rains were heavy and accompanied by strong winds. Apparently a large part of the mature grain crop in the Ukraine and in the European RSFSR was lodged. East of the Urals the rains failed over a wide area at a time when the grain crop had reached the critical heading stage. In the first half of July, scant rainfall and very high temperatures prevailed over about 10 million hectares of grain in Tselinograd and Pavlodar Oblasts in Kazakhstan and in Altay Kray in West Siberia.

4. We estimate that the hot and dry conditions resulted in a loss of about 8 million tons of grain, primarily spring wheat. Citing widespread weather difficulties, Deputy Minister of Agriculture B. Runov told a group of USDA officials in August that this year's harvest would be "only average."

5. By early August the rate of harvest was substantially below last year's level. If nothing else, the wet and lodged crop west of the Urals will reduce quality of milling grains, particularly wheat. Lowered quality will especially hurt because, we estimate, far less wheat will be produced this year - 85 million tons, compared with 110 million tons in 1973.

6. The reduced output would fall at the lower end of the range of estimated Soviet domestic requirements and export commitments - 198 million to 211 million tons. The regime has the option of drawing down carryover stocks of 20 million to 30 million tons - an option made possible by the record harvest of 1973. At this stage the milling quality of the carryover wheat and international prices are the keys to prospects for Soviet grain imports in FY 1975.

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Note: Comments and queries regarding this publication are welcomed. They may be directed to [redacted] of the Office of Economic Research, [redacted]

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## DISCUSSION

## Status of the Grain Crop

7. Despite above-average winterkill to fall-sown crops and spring sowing delays in the Ukraine, Belorussia, and the European RSFSR, the grain area to be harvested is the largest since 1964 (see Figure 1). The current grain crop covers nearly 130 million hectares (see Table 1).

Table 1

## USSR: Grain Area Harvested

|                    | Million Hectares             |              |              |              |                   |
|--------------------|------------------------------|--------------|--------------|--------------|-------------------|
|                    | Annual<br>Average<br>1966-70 | 1971         | 1972         | 1973         | Estimated<br>1974 |
| <b>Total</b>       | <b>122.1</b>                 | <b>117.9</b> | <b>120.1</b> | <b>126.7</b> | <b>129.7</b>      |
| Breadgrains        | 78.7                         | 73.5         | 66.7         | 70.1         | 67                |
| Winter wheat       | 18.3                         | 20.7         | 15.0         | 18.3         | 19                |
| Winter rye         | 11.5                         | 9.5          | 8.2          | 7.0          | 7                 |
| Spring wheat       | 48.9                         | 43.3         | 43.5         | 44.8         | 41                |
| Other <sup>1</sup> | 43.4                         | 44.4         | 53.4         | 56.6         | 63                |

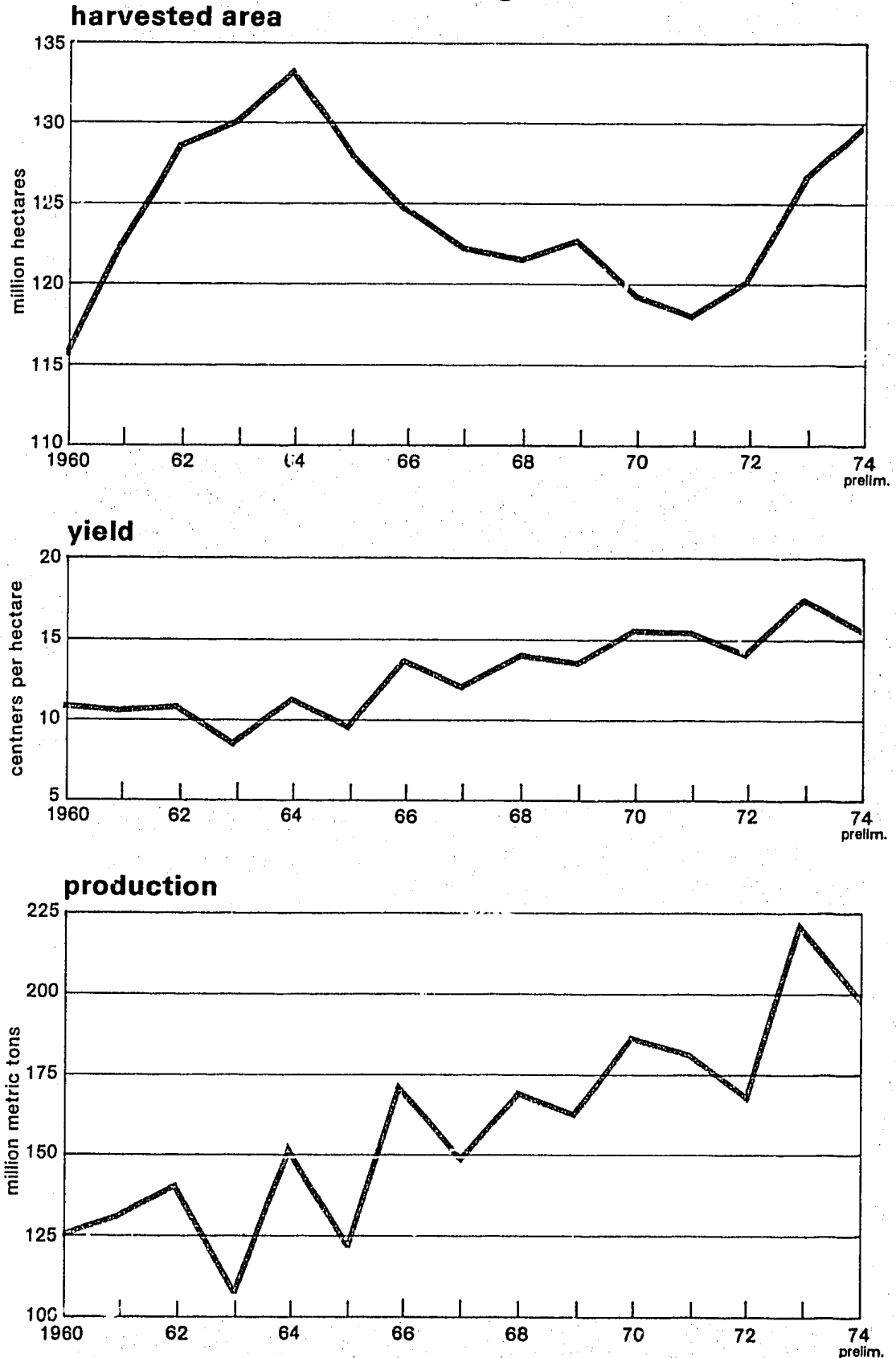
1. Including barley, corn, oats, rice, miscellaneous grains, and pulses.

8. Within the grain area, a sizable shift took place from wheat to feedgrains:
- Wheat accounted for only 60 million hectares – 5% less than the area harvested in 1973;
  - Spring barley was planted on 30 million hectares – 8% more than in 1973; and
  - Corn grown for grain occupied 5.2 million hectares – 12% above last year's level.

The emphasis on feedgrain production, particularly barley, at the expense of wheat, stems from Brezhnev's policy stressing meat production. Barley has the advantage of usually providing higher yields than spring wheat; on the other hand, it can be used only to a small extent for bread and flour. Wheat, however, is easily substitutable between feed and flour. The continuing curtailment of breadgrain acreage thus entails risks of food grain shortages.

# USSR: grain

figure 1



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*Growing Conditions*

9. Growing conditions were not as favorable in 1974 as they were in the bumper year of 1973. In general, temperatures were below-normal throughout much of the grain area during the growing season, resulting in a slow and uneven development of the crop. Moreover, a severe cold wave hit the European USSR in late May. The Soviet press reported a large area of both spring and winter crops destroyed in Belorussia by ground temperatures as low as -10.6 degrees centigrade. Another cold snap hit the European USSR in late June. Rainfall over most of the country, however, was ample through June, and by midyear the regime's goal of 205.6 million tons appeared achievable.

10. Weather conditions deteriorated in July over much of the grain belt. West of the Urals, rains intensified and were accompanied by strong winds. A large part of the grain crop in the Ukraine, Moldavia, Belorussia, and the European RSFSR was lodged. East of the Urals the rains failed over a wide area of the spring grain belt at a time when the grain crop had reached the critical heading stage. For the first half of July, scant rain fell over about 10 million hectares of grain in Tselinograd and Pavlodar Oblasts in Kazakhstan and in Altay Kray in West Siberia. At the same time, these areas were subjected to extremely hot temperatures which raised the moisture requirements of the plants and increased the evaporation rate. Cooler temperatures and heavy rains came during the third week of July - too late to save much of the crop.

11. We estimate that the hot and dry conditions resulted in a loss of about 8 million tons of grain, primarily spring wheat.

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*Estimate of the Crop*

12. On the basis of sown area, the weather through July, and average rainfall and temperatures during August and September, the grain harvest is estimated to reach about 198 million tons. This would be the second largest crop in Soviet history - about 10% below last year's record. It would fall at the lower end of the range of estimated Soviet domestic requirements and export commitments - 198 million to 211 million tons.

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13.

[Redacted] crop conditions were as follows in early August [Redacted]

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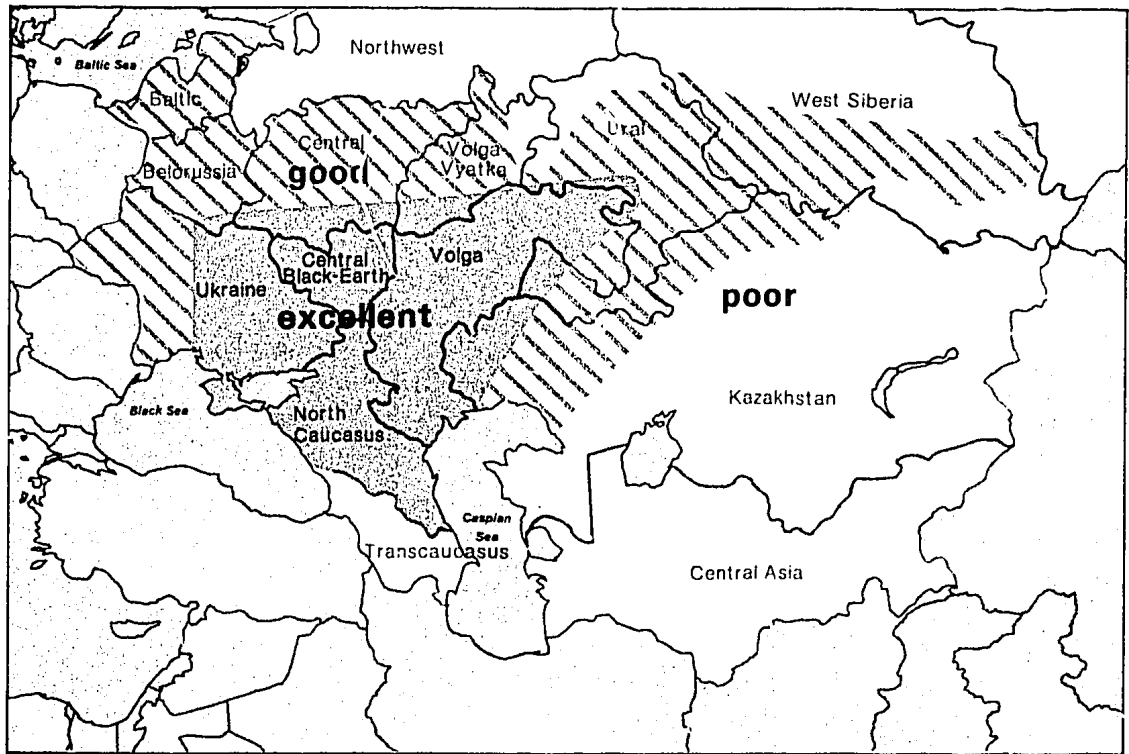
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### Grain prospects at the end of July 1974\*

figure 3



\* Major grain regions account for 92% of total production.

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- In the North Caucasus, Volga, West Kazakstan, and Ukraine regions, accounting for nearly half the crop, yields are at or near record levels. The crop in Ural'sk Oblast, for example, was recently described in the Soviet press as "the best in recent years."

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Wheat leaf rust disease, which was reported earlier in the Ukraine and Krasnodar Kray, has not prevented good yields.

- In northern European USSR, the Urals, and West Siberia, the source of about one-third of the grain output, a good crop is on hand. Yields are average or better nearly everywhere; over much of this area only the persistent cool weather coupled with late planting is preventing an excellent crop.
- In northern Kazakstan and southern Siberia, the crop ranges from fair to poor, with conditions generally best in the north and worst in the south. Yields range from about 15 centners per hectare in Kustanay Oblast to less than 3 centners in Pavlodar Oblast and Altay Kray. The Soviet press has not assessed the condition of the grain

crop in this area; silence usually means the crop is in trouble;

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- In the northeastern Urals, the 9 million-ton grain crop is unusually vulnerable. Cool conditions throughout most of the maturation period have prevented the crop from overcoming a 3-week delay in planting. Chances are one in four that a killing frost will hit the crop before it ripens.

### Harvest Difficulties

14. The adverse July weather, coupled with late spring planting and slow maturation of the crop in most areas, has hampered harvesting operations. By the first week of August, only 21% of the total crop area had been threshed, compared with 30% in 1973 and an average of 36% during 1970-72 (see Table 2).

Table 2

#### USSR: Progress in Harvesting Grain Crops<sup>1</sup>

|              | 1970-72 Annual Average                       |  | 1973   |  | 1974   |  |
|--------------|--|--|--|--|--|--|
|              | Cumulative Area Threshed (Thousand Hectares) | Cumulative Proportion Threshed (Percent) | Cumulative Area Threshed (Thousand Hectares) | Cumulative Proportion Threshed (Percent) | Cumulative Area Threshed (Thousand Hectares) | Cumulative Proportion Threshed (Percent) |
| <b>Total</b> | <b>113,200</b>                               | <b>100.0</b>                             | <b>118,000</b>                               | <b>100.0</b>                             | <b>120,000</b>                               | <b>100.0</b>                             |
| Before       |  |  |  |  |  |  |
| 10 July      | 4,262  | 3.8                                      | 3,682  | 3.1                                      | 2,500  | 2.1                                      |
| 16 July      | 10,597                                       | 9.4                                      | 8,170  | 6.9                                      | 4,682  | 3.9                                      |
| 23 July      | 19,917                                       | 17.6                                     | 15,607                                       | 13.2                                     | 8,996  | 7.5                                      |
| 30 July      | 29,430                                       | 26.0                                     | 23,500                                       | 19.9                                     | 15,500                                       | 12.9                                     |
| 6 August     | 40,474                                       | 35.8                                     | 35,800                                       | 30.3                                     | 25,500                                       | 21.2                                     |
| 13 August    | 50,314                                       | 44.4                                     | 47,850                                       | 40.6                                     |  |  |

1. Including all pulses and grain, except corn, grown on state and collective farms. Excluding grain area sown on small plots by individuals and area sown on subsidiary farming enterprises operated by non-agricultural firms and organizations.

15. In European USSR, the lodging of grain, together with the slow and uneven maturation of the crop, adds to the traditional problems of the authorities in mobilizing manpower to cut, thresh, dry, and transport the crop. Above-normal losses probably are being experienced because cut grain left in the fields to dry

is not being threshed on schedule. According to one Soviet commentator, delays in threshing of 5 days may cause losses in yield up to one centner per hectare. If these conditions continue through the remainder of the harvest, grain output may drop below the projected 198 million tons. The problem is particularly acute with the wheat harvest. Even if the entire crop is harvested, wet and lodged wheat will prove of inferior milling quality. Last year, when this problem also was encountered, the size of the wheat harvest (110 million tons) assured enough milling-quality grain to satisfy the demand for bread. This year, much less wheat will be produced - perhaps only 85 million tons.

16. The drought-stricken areas in the New Lands present a different set of harvest problems. Early ripening in these areas has caught harvesters somewhat unprepared. Usually, men and machines move across the Soviet grain belt harvesting as the crop ripens. This year, the combination of a late-ripening crop west of the Urals and an early crop in the New Lands has complicated harvesting schedules and may lead to large losses. Another harvesting problem in the drought area is the condition of the crop; "the grain crop is undersized and difficult to gather," according to one Soviet report.

#### Grain Trade Prospects

17. The Soviets have kept out of the world grain market so far this year. About 1 million tons of grain (primarily wheat and corn left over from the 1972 and 1973 contracts with the United States) remain to be delivered in FY 1975. If the crop does not deteriorate substantially during the next month, the Soviets probably will not purchase foreign grain in FY 1975. A harvest of 198 million tons probably would cover minimum domestic requirements and export commitments, and the regime can exercise its option of drawing down carryover stocks. A question remains, however, on the milling quality of the carryover wheat. Moscow may want to import wheat in spite of carryover stocks.

18. A second important factor in Soviet attitudes toward grain imports is price. At present, grain prices on the world market are high and will remain high if US harvest prospects fail to improve.