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CENTRAL INTELLIGENCE AGENCY
WASHINGTON, D.C. 20505

3 November 1975

MEMORANDUM FOR: Geoffrey E. Wolfe
Office of OECD European
Community and Atlantic
Political-Economic Affairs
(EUR/RPE)
Room 6428 D
Department of State

SUBJECT : USSR: Estimate of the 1975
Grain Crop

Attached is the information on the 1975 Soviet grain
crop you requested for transmittal to Theodore
Papendorph, US Economic Counsel to NATO.

Office of Economic Research

Attachment:
as stated

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USSR: Estimate of the 1975 Grain Crop

Contrary to normal practice, Moscow has not yet reported this year's grain production, even though the harvest has ended. Preliminary data from a few republics, however, indicate that the crop was even worse than we estimated previously. We now expect a crop of 150 million to 155 million metric tons, 5 to 10 million tons below our previous estimate.

The range in the revised forecast reflects uncertainty over the area abandoned or used as forage -- thought to be more than 10 percent of the area sown -- and the yields foregone from this acreage. Grain production in the Volga valley and east of the Ural mountains was especially affected. For example, recent statements by the Kazakhstan Minister of Agriculture put that republic's harvest at 11.5 million tons, the worst crop since 1965. Forage crops in this area were hard hit by the drought, prompting farmers to cut unripened grain to supplement feed supplies and thereby reducing expected grain production.

The Soviets have reentered the US grain market following the 20 October rescission of the moratorium on new sales. By the end of the month Moscow had contracted for an additional 1.6 million tons of US corn, raising estimated

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Soviet purchases of all types of grain from all sources to about 25-1/2 million tons. More than half this amount is thought to be wheat, with corn predominating among the remainder.

The US is the leading supplier,

If, as expected, total grain purchases by the USSR for delivery during the July 1975 - September 1976 period total 30 million tons, the US will supply over half. In any case, however, neither Soviet nor US ports can handle large new shipments at this time. The Soviets, therefore, may delay additional purchases several months hoping that grain prices decline. Thus, substantial new purchases after year's end are probable.

Moscow can count on imported grain only partially filling the gap between supply and demand. Belt tightening measures have already begun and are impinging largely on livestock, which normally consume half the grain crop. Distress slaughtering of livestock, mainly hogs, began in August and continued through September when record industrial meat production occurred. There has been an above-average slaughter of hogs reducing numbers by 7 million head in the socialized sector, 12 percent below a year earlier. Moreover, hog numbers are dropping more rapidly than pork production figures indicate; animals are being slaughtered at lower-than-normal weights, thus avoiding the last grain-intensive stages of fattening. In addition, although little

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information is available on the important meat-producing private sector, scattered sources reported during October that some cattle were being slaughtered due to lack of feed.

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