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FILE

10 May 1988

[Redacted]

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SUBJECT: Eastern Europe and USSR: Mild Winter Weather
Aids Economies [Redacted]

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1. The attached memorandum is an assessment of the effects of the past winter's weather on agriculture and industry in Eastern Europe and USSR. Additional memoranda on Soviet crop conditions will be issued periodically during the remainder of the crop season, especially if crop prospects change markedly. [Redacted]

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2. This assessment was produced by [Redacted] the Agricultural Assessment Branch, Strategic Resources Division, Office of Global Issues. [Redacted]

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3. Comments and questions are welcome and may be addressed to the Chief, Agricultural Assessments Branch [Redacted]

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[Redacted]

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Chief, Strategic Resources Division
Office of Global Issues

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Attachment:

GI M 88-20050, May 1988 [Redacted]

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SUBJECT: Eastern Europe and USSR: Mild Winter Weather
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Central Intelligence Agency



Washington, D.C. 20505

DIRECTORATE OF INTELLIGENCE

10 May 1988

Eastern Europe and USSR: Mild Winter Weather Aids Economies



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Summary

Mild winter weather in Eastern Europe and the USSR improves the economic growth outlook for this year. In agriculture, the outlook for winter grains generally is better than the last few years, even though some field stands may be thin and require spring replanting in parts of Yugoslavia, Romania, Bulgaria, and the Ukraine. With an improved winter grain crop, Moscow is in position to exceed the good harvests of the last two years if the coming spring grain crop is at least average. Also, the mild weather allowed for some growth in livestock products following three years of tight supplies due to harsh winter weather. In industry, weather-related disruption in production may be the smallest in recent years as a result of above normal temperatures and below normal snowfall. With fewer weather-related transportation bottlenecks, industrial production should be off to a good start as well.



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This memorandum was prepared by [redacted] the Agricultural Assessments Branch, Strategic Resources Division, Office of Global Issues. Additional contributions were made by [redacted] Office of Soviet Analysis and [redacted] Office of European Analysis. Comments and questions may be directed to [redacted] Chief, Strategic Resources Division [redacted]

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Eastern Europe and USSR: Mild Winter Weather Aids Economies [redacted]

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This winter's weather has been unusually mild throughout Eastern Europe and much of the European USSR. Warmer-than-usual temperatures and below-normal snowfall likely kept productivity in agriculture and industry higher than in recent winter periods, thus suggesting that lagging economic growth may pick up this year. In agriculture, winter grains -- representing about 30 percent of total grain production in the USSR and up to as much as 60 percent in Poland and East Germany -- got off to a good start and will likely suffer below average winterkill. The weather also allowed output of livestock products -- meat, milk, and eggs -- to hold up better than usual during the winter. In industry, the mild winter reduced demand for heating fuel and lubricants throughout Eastern Europe and much of the USSR compared with the same period in 1987. As a result, fewer energy-related bottlenecks interrupted industrial production. In addition, major supply backlogs did not develop as rail and truck transport operated relatively smoothly as compared with recent years. [redacted]

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Winter of 1988: A Marked Change

In contrast with the previous three years, January through March weather was mild throughout Eastern Europe and the more populated regions of the USSR (see figure 1). In addition, snowfall rarely occurred in Eastern Europe and was considerably less than normal in the European USSR. (U)

Winter temperatures were exceptionally mild throughout Eastern Europe with temperatures averaging from 2 degrees Celsius above normal in Romania and Bulgaria to near 4 degrees Celsius above normal in parts of Poland. The consistently mild temperatures caused most of the wintertime precipitation to fall as rain. Indeed, with the exception of a two-week period in late January and early February, when many areas were covered by 10 to 20 centimeters of snow, there was no other significant snowfall. By contrast, snow cover the previous winter was substantial and persistent from late December until mid-February. (U)

Winter temperatures were slightly above average throughout much of the European USSR, except for the North Caucasus and southern Volga valley, where temperatures were slightly below normal. Although snow depth frequently is not reported in the Soviet Union, analysis of temperature, of water-equivalent precipitation measurements, and of weather satellite imagery indicates that snowfall likely was below historical norms and substantially lower than last year's high levels. [redacted]

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Good Start for the Economies

Winter weather often has an important impact on economic performance in the Soviet Union and Eastern Europe. In agriculture, severe cold

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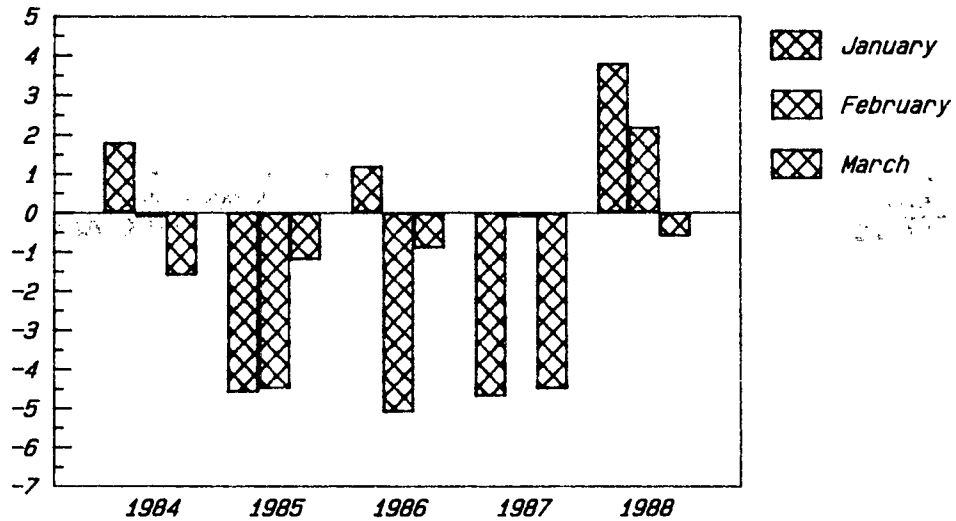
Figure 1
Comparisons of Winter Temperatures for the Past Five Years.¹



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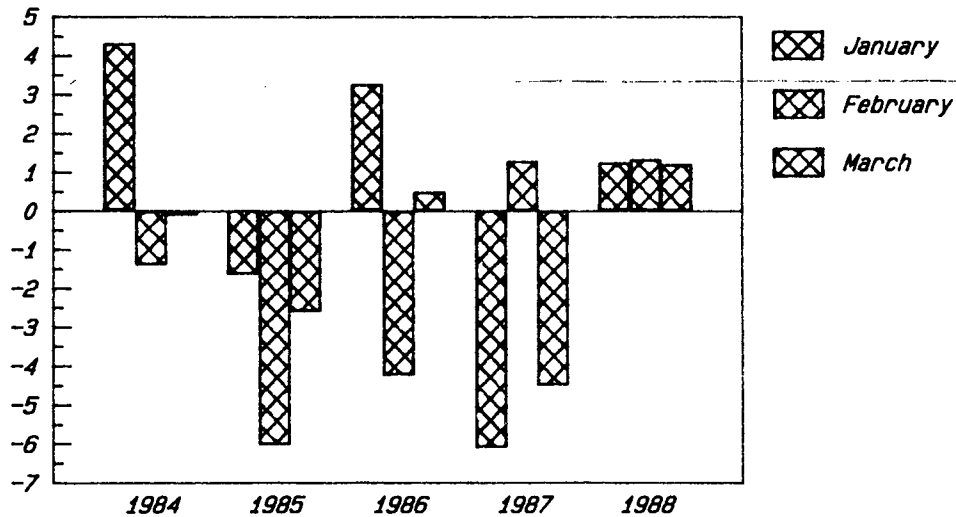
Eastern Europe

Temperature Departures from Normal (Celsius)



European USSR

Temperature Departures from Normal (Celsius)



¹ Data are derived from averaged temperatures of approximately 180 locations in Eastern Europe and 160 locations in European USSR. Climatological normals are computed from 21 years of temperature data to calculate temperature departures. (U)

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temperatures and a lack of protective snow cover can result in substantial losses of winter grains. Such low temperatures also can reduce livestock productivity while increasing feed requirements. In 1987, for example, these conditions resulted in a loss of about 30 percent of the winter grain crop and sizeable reductions in the production of meat, milk, and eggs. In industry, severe cold, particularly if compounded by heavy snow, can interrupt supplies of industrial products and energy, escalate transport backlogs, and increase equipment breakdowns. Conversely, a mild winter, such as this year's, can improve performance in these sectors of the economy. [redacted]

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Agriculture

Winter weather throughout Eastern Europe and the USSR was mostly favorable and winter grains entered spring in generally good to excellent condition. Indeed, we estimate that winterkill this year will be below normal in most areas. If favorable weather continues, winter grain yields and livestock production could be above the levels of recent years in many regions. [redacted]

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In Eastern Europe, mostly favorable autumn weather allowed for timely sowing and healthy establishment of winter grains. A late summer drought limited soil moisture and may have thinned winter grains in parts of Yugoslavia, Romania, and Bulgaria. However, timely autumn rainfall ended further losses and above average yields are still possible if favorable weather continues. [redacted]

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In the Ukraine and North Caucasus -- the primary winter grain growing region of the USSR -- winter temperatures were generally near normal and adequate snow cover protected the crop from a severe cold snap in late January. However, a cool, dry fall sent winter grains into dormancy early and somewhat weakened. This was especially so in parts of the central and southern Ukraine where soil moisture levels were inadequate for good crop establishment. Nevertheless the mild winter will likely keep winterkill below the 18 percent average of previous years and well below last year's 30 percent winterkill. [redacted]

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Warmer-than-average temperatures and lower precipitation also eased the often difficult task of maintaining high levels of meat, milk, and egg production during the winter months throughout Eastern Europe and especially the European USSR. According to the Soviet central press, lengthy stabling periods -- with their accompanying problems of water supply and waste disposal -- were not necessary this year in large areas of the country. During the first quarter of 1988, meat output in the USSR was 2 percent above the same period last year and average yields of milk and eggs were up by 6 and 5 percent, respectively. Moreover, with winter temperatures averaging 2 to 4 degrees Celsius above normal, the need for livestock grain feed in Eastern Europe and the USSR was probably reduced

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substantially as compared with requirements for the same period in 1987. [redacted]

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Industry

The milder-than-usual winter this year benefited industry by allowing larger than expected growth in production. The region's industries benefited from the weather in four main ways:

- Lower than average energy consumption by the populace because of lower heating needs left more energy available for industrial uses than was the case in recent years. The lower consumer demand for energy in Poland even contributed to a slight fall in energy output from the previous year.
- Many industrial processes consumed significantly less energy with milder temperatures, so the greater relative availability of energy allowed plants to operate at higher capacity. This is particularly true for the energy-intensive industries, such as steel, aluminum, and cement, which are the backbones of Soviet and Eastern European heavy industry.
- The smoother operation of the transportation network helped plants avoid shutdowns caused by shortages of raw materials and spare parts.
- Milder weather extended the construction season in some countries. For example, construction was reported ahead of schedule in Hungary, where building activities increased 150 percent in January compared to the previous year. [redacted]

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Even Romania improved its economic picture, but problems remain due to energy shortages and conservation restrictions.² This is a typical problem and cannot be blamed on weather -- winter temperatures for Romania averaged 1.7 degrees Celsius above normal. Rather, Bucharest has consistently failed to maintain energy facilities and has not had much payoff from investments in hydroelectric and nuclear power stations due to drought and construction problems. Moreover, Ceausescu's efforts to pay off Romania's foreign debt, oblivious to the welfare of the people, contributed to domestic energy shortages by directing energy supplies toward export and industry in order to earn hard currency. [redacted]

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² The press reported, however, that Bulgaria imposed energy rationing measures in the fall to forestall a possible disruption from another harsh winter. [redacted]

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Outlook

Clearly, the relatively mild winter has allowed the Soviet and East European economies to achieve their best early season performance in several years. In agriculture, the mild winter and much improved outlook for winter grain production in Eastern Europe and the USSR as compared to last year could substantially boost total grain production for these countries in 1988. If, for example, weather in the Soviet Union continues to be favorable over the next six months, the Soviet winter grain crop could reach 80 million tons. This would represent a 17-million-ton gain over our estimated winter grain average of the last two years, when the overall Soviet grain crop first exceeded 200 million tons for two consecutive years. [redacted] (b)(3)

In industry, the mild winter will likely result in a largely improved first quarter output from the industrial sectors in most of the countries compared to 1987. Milder temperatures and much reduced snow cover should improve factory output and rail shipments of industrial goods as compared to the harsh winters of recent years when production was down and heavy snows delayed rail shipments. In the USSR the disruptive effects of Gorbachev's modernization program may well offset the positive effect of the first quarter's good weather. Performance for the year as a whole, however, will depend in large measure on events yet to unfold. [redacted] (b)(3)