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CURRENT SUPPORT MEMORANDUM

NEW SUGAR BEET DECREE

OFFICE OF RESEARCH AND REPORTS

CENTRAL INTELLIGENCE AGENCY

This report represents the immediate views of the
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NEW SUGAR BEET DECREE

On 7 June 1956 the Soviet radio announced a decree of the Party and Government outlining measures for increasing sugar beet production, which at present admittedly does not satisfy the sugar requirements of the population. 1/ Although beet harvests increased gradually during the postwar years and surpassed the 1937 harvest in 1951, production then leveled off and the 1951 level was not surpassed until 1955. (See Table 1). Sugar production has been below plan since 1951 and the Soviets have been obliged to make sizable sugar imports in recent years to meet consumption requirements. In 1954, an estimated 0.8 million tons were imported, primarily from Cuba. Furthermore, it is estimated that substantial withdrawals were made from reserves, at least during 1954, to partially bridge the gap between production and planned consumption. (See Table 2). The Russians have purchased 0.2 million tons of the 1956 Cuban sugar crop and have made offers for an additional 0.2 million tons. 2/

The new decree states that collective farmers do not have sufficient economic interest in beet growing and the bulk of the announcement is devoted to economic incentives. The base price for 1956 sugar beet deliveries* has been raised to 21 rubles per centner for state and collective farms in the primary beet growing regions (Ukraine and contiguous areas of the RSFSR) and to 32 rubles per centner for minor beet growing regions (the Far East and the Upper Volga and Ural basins). Since the major portion of the beet output is accounted for by the primary growing regions, the average 1956 base delivery price is probably about 22 rubles per centner,** a substantial increase over the average price received during 1955 of 12-13 rubles per centner.***4/

The decree provides additional monetary incentives for collective farms in the following ways: (1) new beet growers are to receive delivery payments amounting to 130 percent of the 1956 base price for a period of three years; (2) above-plan deliveries are to be priced at 150 percent of the 1956 base price; (3) farms located in beet processing zones will be paid 120 percent of the 1956 base price for deliveries made before 15 September; and (4) rates of payments in kind to the MTS for services, which are believed to have been substantial in recent years, have been reduced by 50 percent.

The decree also blames inadequate insect and disease control, insufficient fertilization and a low level of mechanization for the poor beet harvests of recent years. It makes provision for improvements in these areas, as well as in seed selection, distribution of sugar beet pulp to collective farms for stock feed, and in the modernization of sugar factories. The need for modernization is apparent when it is considered that over half of the existing factories were built before 1900. 6/

The sugar beet decree has come too late in the year to have a marked effect upon beet output in 1956 for the planting season

* For all practical purposes it may be said that all of the beet crop is delivered to the state (including MTS payments). 3/

** The average 1956 price actually received may be more than 22 rubles if above plan deliveries are large.

*** 1955 prices varied according to the yield per hectare. 5/

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is past. Additional fertilizers, chemicals, and equipment will probably not be available before the 1956 harvest. About the only thing the beet farmer can do to increase his yield in 1956 is to cultivate intensively and exercise as much care in harvesting as his limited resources will permit. The 1956 Ukrainian beet sown area, however, is greater than the planned sown area, and the Soviet press (8 June 1956) claims that an abundance of rain and prevailing warm weather are contributing to good beet crop development in the Ukraine. 7/ If the weather holds, 1956 may well be a bumper year for sugar beets. If there is a good crop in 1956, the resulting higher income will probably encourage greater production in 1957.

Table 1

USSR Sugar Beet Production 8/
(million metric tons)

<u>1937</u>	<u>1950</u>	<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>1954</u>	<u>1955</u>	<u>1955 Plan</u>
21.8*	20.6	23.5	22.0	22.9	19.6**	30.3	35.0

Table 2

USSR Granulated Sugar Production and Consumption 9/
(million metric tons)

	<u>Production</u>	<u>Estimated Consumption</u>
1937	2.4*	2.3
1948	1.7	1.8
1949	2.0	2.0
1950	2.5	2.4
1951	3.0	2.8
1952	3.1	3.3
1953	3.4	3.6
1954	2.6	3.8
1955	3.4	4.0

* Prewar boundaries

** There was a severe drought in the Ukraine in 1954.

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