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43

CENTRAL INTELLIGENCE AGENCY

13 October 1950

INTELLIGENCE MEMORANDUM NO. 339

SUBJECT: Soviet-Satellite Wool Position

Estimated figures for 1949 provide the following index to the Soviet wool position, in millions of pounds (clean basis, without reference to qualities).\*

	<u>USSR</u>	<u>Satellites</u>	<u>Total</u>
Annual Production	114	42	186
Annual Imports	36	48	84
Annual Inter-orbit trade	-15	15	
Stocks carried over from 1948	21	—	21
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Total supplies available 1949	186	105	291
Annual Consumption	111	95	236
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Stocks January 1950	45	10	55

\* All figures in this paper are for clean wool ("clean basis"). The basic figures for wool are often given for wool as sheared ("grease basis"). The weight loss involved in cleaning averages from 50 to 55 percent. There is wide deviation, however, from this average, and figures cannot be converted on this basis for purposes of more detailed breakdowns.

Note: This memorandum has not been coordinated with the intelligence organizations of the Departments of State, Army, Navy, and the Air Force.

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Sources of Imports.

The main sources for USSR-Satellite wool imports (accounting for over 80 percent in 1949) are Australia and New Zealand. Supplementary sources are Argentina, Uruguay, the Union of South Africa, and England. In short, Soviet-Satellite wool imports come from the sterling area. The principal importers, besides the USSR itself, are Poland and Czechoslovakia. The availability of sterling credits to both Poland and Czechoslovakia has enabled them to maintain their position on open market purchases. Total imports in 1949 were 84 million pounds of which the Soviet Union imported 36 million pounds, and the Satellites 48 million pounds. There is a considerable intra-orbit trade in wool. The main direction of this trade is from the USSR to the Satellites, whose extra-orbit purchases were supplemented in 1949 by 15 million pounds of wool from the USSR.

In 1950 net imports by the USSR and its Satellites are expected to surpass the 1949 levels. Imports from the above-listed sources are expected to be about one and one-half million pounds greater than in 1949, and they are being supplemented by increased purchases in China. Purchases in China are expected to furnish approximately 14 million pounds to the Soviet Union in 1950. This gain is extremely important to the USSR in view of the large net deficiencies of the production of the European Satellites and the fact that all other present sources of imports would probably be cut off at once in case of general hostilities.

Production.

Wool production in the USSR and its European Satellites has increased steadily during the postwar years. Production in 1950 is calculated at 191 million pounds, a gain of about 5 million pounds over 1949, and a slight increase over prewar averages for the areas concerned. Besides the quantitative increase in postwar Soviet-Satellite wool production, there has also been some improvement in quality, as reflected in a higher proportion of apparel wool and a correspondingly smaller proportion of carpet wool produced. During prewar years, carpet wool production in the USSR constituted approximately 33 percent of the total clip. Present estimates classify only 30 percent as carpet wool. A similar shift is reported for the production of Bulgaria and Rumania. The shift is necessarily slow, since it depends on increased breeding of fine-wool sheep.

Consumption and Stockpiling.

In 1949, when Soviet-Satellite wool production and imports totalled 270 million pounds, total consumption ran to 236 million pounds. This figure is probably close to a basic minimum in quantity. Reductions in quality are possible, by increasing the admixture in clothing of carpet wool with apparel wool.

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The balance of 34 million pounds over current consumption accumulated in 1949, together with stocks of 21 million pounds on hand in January 1949, left the Soviet-Satellite stocks at the beginning of 1950 at about 55 million pounds. Complete figures for consumption through 1950 are not yet available. From present evidence, consumption is rising in 1950 more rapidly than production and imports. The increase in the carryover stocks at the end of this year will depend on the gain realized from purchases in China. The stocks carried over into 1951 will amount to about 70 million pounds plus imports from China. Carryover on this scale leaves very little available to stockpile for war needs.

- 3 -

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