



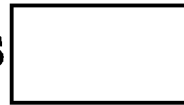
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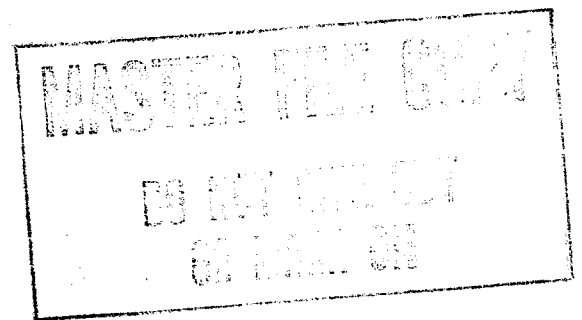
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China: A Good Year for Crops



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An Intelligence Assessment



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January 1982

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China: A Good Year For Crops



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An Intelligence Assessment

*Information available as of 31 December 1981
has been used in the preparation of this report.*

The authors of this paper are [Redacted]
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China:
A Good Year for Crops [Redacted]

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Key Judgments

The 1981 agricultural season in China was a success. Despite some weather problems and a smaller-than-normal grain area, agricultural production will be sufficient to allow the Chinese to trim agricultural imports slightly yet still make improvements in food supplies.

This year's grain crop was at least 320 million tons, according to preliminary reports out of Beijing. The early grain harvest—announced by the Chinese as more than 110 million tons—was about average, but the late grain harvest—which normally accounts for about 60 percent of total grain production—was reportedly excellent. Indeed, good weather during October and November may have boosted the late harvest to record levels.

The production of most industrial crops—oilseeds, cotton, sugar, tobacco, and tea—was good, the result of an increase in sown area and greater official attention.

As a result China will be able to temper agricultural imports somewhat. Total grain imports will likely fall slightly from the 1980 record level to just over 13 million tons with about 8 million tons from the United States. China has cut back even more on purchases of US cotton, soybeans, and soybean oil because of good domestic harvests and high US cotton prices.

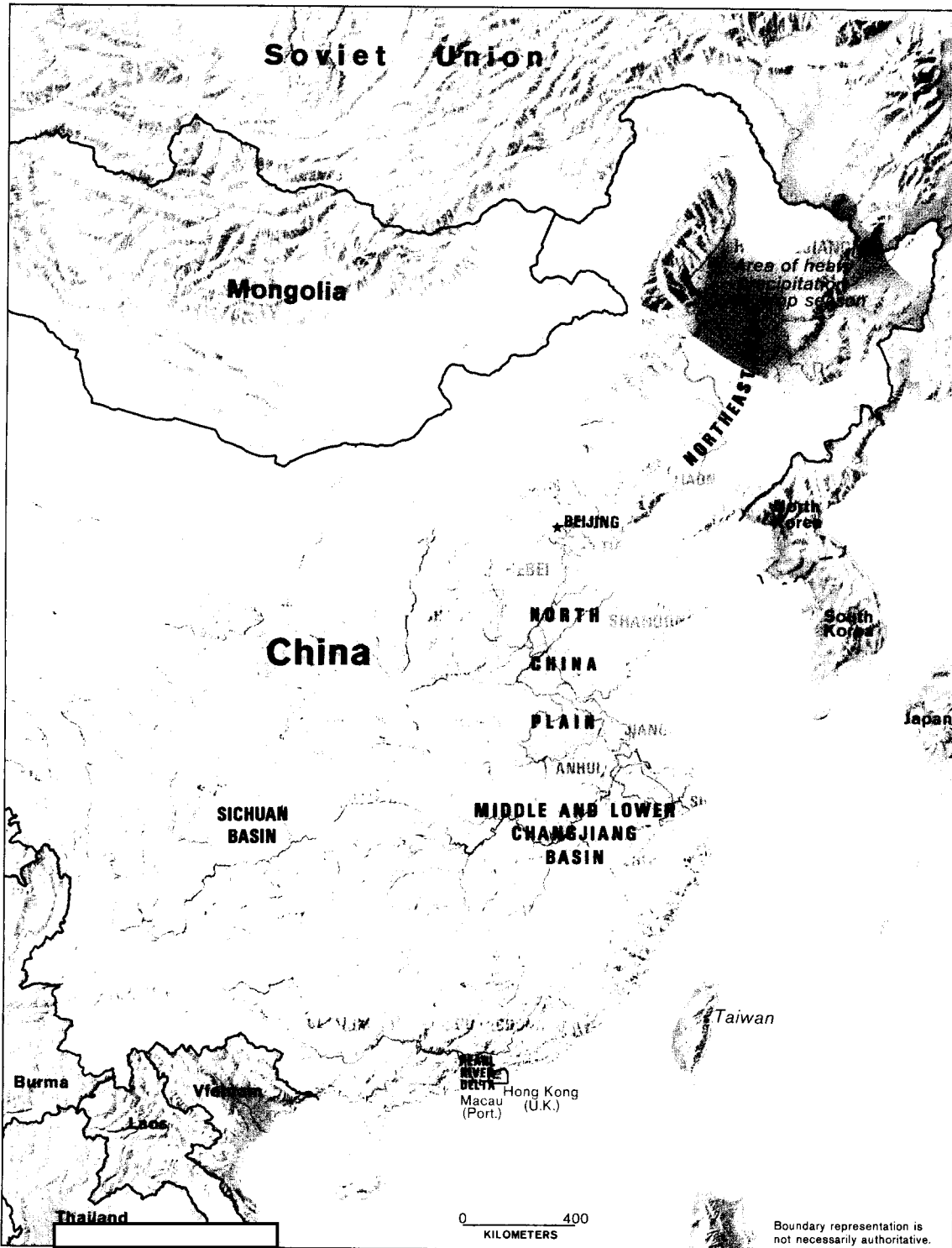
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Figure 1
Eastern China: Selected Agricultural Areas



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**China:
 A Good Year for Crops (U)**

China reportedly harvested at least 320 million tons of grain in 1981, 2 million tons more than in 1980 and the second largest crop ever produced (see table 1). This estimate is likely to be revised upward several million tons; another current Chinese estimate ranges up to 328 million tons. Final production figures will not be released until late April.

Early Harvested Crops

The Chinese have announced that the early grain harvest exceeded 110 million tons, almost 5 million tons more than in 1980 but about the average of the past five years. Early harvested crops include winter grains (mostly winter wheat and barley), early rice, and spring wheat. These crops normally account for almost 40 percent of the total grain harvest (see table 2):

- Winter grain production, up more than 3 million tons from the 1980 harvest, accounted for most of the increase.
- Early rice output, up more than 1 million tons from 1980, nearly reached the record of 52 million tons set in 1979.
- Spring wheat production probably did not reach the 1980 level despite a larger sown area last year. Flooding in the Northeast lowered yields, made harvesting difficult or precluded it, and reduced grain quality

Late Harvested Crops

Coarse Grains. Production of coarse grains and other miscellaneous grain crops probably exceeded the 1979 record harvest of 117 million tons. Favorable weather in most areas and improved agricultural policies undoubtedly aided this year's production. Coarse grain output was good in North China, the major producing area. Despite delays in planting because of dry conditions early in the spring, good precipitation in late June, July, and August contributed to greater

Table 1 Million Metric Tons

China: Grain Production

	1978	1979	1980
Total grain	305	332	318
Rice	137	144	139
Wheat	54	63	54
Potatoes ^a	24	28	28
Soybeans	7	7	8
Miscellaneous ^b	83	90	89

^a For comparability, tubers are converted to grain by the weight ratio of 5 to 1.

^b Includes corn and other coarse grains.

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yields than had been anticipated. Production was not good in all areas, however. Heavy rainfall and flooding plus a reduction in sown area caused output to fall in some parts of the Northeastern Plain. crops on 15 percent of Heilongjiang's farmland, mostly in the East, were completely destroyed by mid-September. These factors apparently prevented the record harvest that was at one time anticipated by Beijing.

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Rice. The intermediate rice crop was probably better in 1981 than in 1980. The harvest was completed in the early fall

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So far, two provinces have announced the preliminary results of their intermediate rice harvests: Sichuan, the leading producer, reported that production exceeded 1980 levels by 5 percent, or about 750,000 tons; and Anhui Province reported that output is up 6.4 percent over that in 1980 despite a reduction in sown area. The only area where desired yield levels may not have been reached is in the highlands of Central China where rainfall was less than 50 percent of normal from May through August. The late rice crop will also be larger in 1981, given planting conditions and weather patterns.

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Table 2

Percent

China:
Estimated Composition of Annual Grain Harvest ^a

	Northeast ^b	North	Central and East	Southwest	South	Northwest	National Total ^c
Total harvest	11	27	32	15	11	5	100
Early harvest	1	11	15	3	5	2	37
Winter grains ^d	0	11	4	2	^e	1	18
Early rice	0	^e	11	1	5	0	17
Spring wheat	1	^e	0	0	0	1	2
Late harvest	10	16	17	12	6	2	63
Coarse grains ^f	8	11	2	3	^e	2	26
Intermediate rice	1	1	5	6	1	^e	14
Late rice	0	^e	8	1	4	0	13
Tubers ^g	^e	3	2	2	1	^e	8
Soybeans	1	1	^e	^e	^e	^e	2

^a Figures presented provide national estimates of grain production by type of crop and by region. Estimates are based on final grain production statistics for 1978 and 1979.

^b Regional divisions used in this table are:

- Northeast China: Heilongjiang, Jilin, Liaoning.
- North China: Henan, Hebei, Shandong, Shaanxi, Shanxi, Beijing, Tianjin.
- Central and East China: Zhejiang, Hunan, Hubei, Jiangxi, Anhui, Jiangsu, Shanghai.
- Southwest China: Guizhou, Sichuan, Yunnan.
- South China: Fujian, Guangxi, Guangdong.
- Northwest China: Nei Monggol, Gansu, Ningxia, Xinjiang, Xizang, Qinghai.

^c Because of rounding, components may not add to totals shown.

^d Primarily winter wheat, but including barley and edible legumes other than soybeans.

^e Indicates a negligible figure.

^f Primarily corn and sorghum, but including millet.

^g Primarily sweet and white potatoes; regional and seasonal production of tubers varies widely from year to year depending upon growing conditions.

Soybeans. Production may slightly exceed 1980's excellent harvest of 7.9 million tons. In eastern Heilongjiang, the nation's leading soybean producer, the sown area was increased but the growing season was cooler and wetter than normal, somewhat reducing yields. Other areas enjoyed more favorable weather. Henan, China's second-largest soybean-producing province, reported a record harvest. [redacted]

Industrial Crops. The larger area sown to increasingly profitable industrial crops and the greater attention given to these crops led to good harvests for oilseeds, cotton, sugar, tobacco, and tea. The Chinese have been particularly pleased with their vegetable oil production. They estimate that 1981 output reached 9 million tons, up from the 1980 level of 7.7 million

tons—even though the production of peanuts, the most important oil-bearing crop, probably fell short of the record of 3.6 million tons set in 1980. Most of the increase came from exceptionally good spring and fall rapeseed harvests. Indeed, many areas reported that state procurement facilities did not have sufficient capacity to handle all of the rapeseed and oil. [redacted]

Although the Chinese have been cautious in statements about the cotton crop, prospects are excellent.

[redacted] Good growing conditions over most of the Changjiang Basin and a slight increase in sown area should boost cotton production above the 1980 record of 2.7 million tons to as much as 3 million tons. [redacted]

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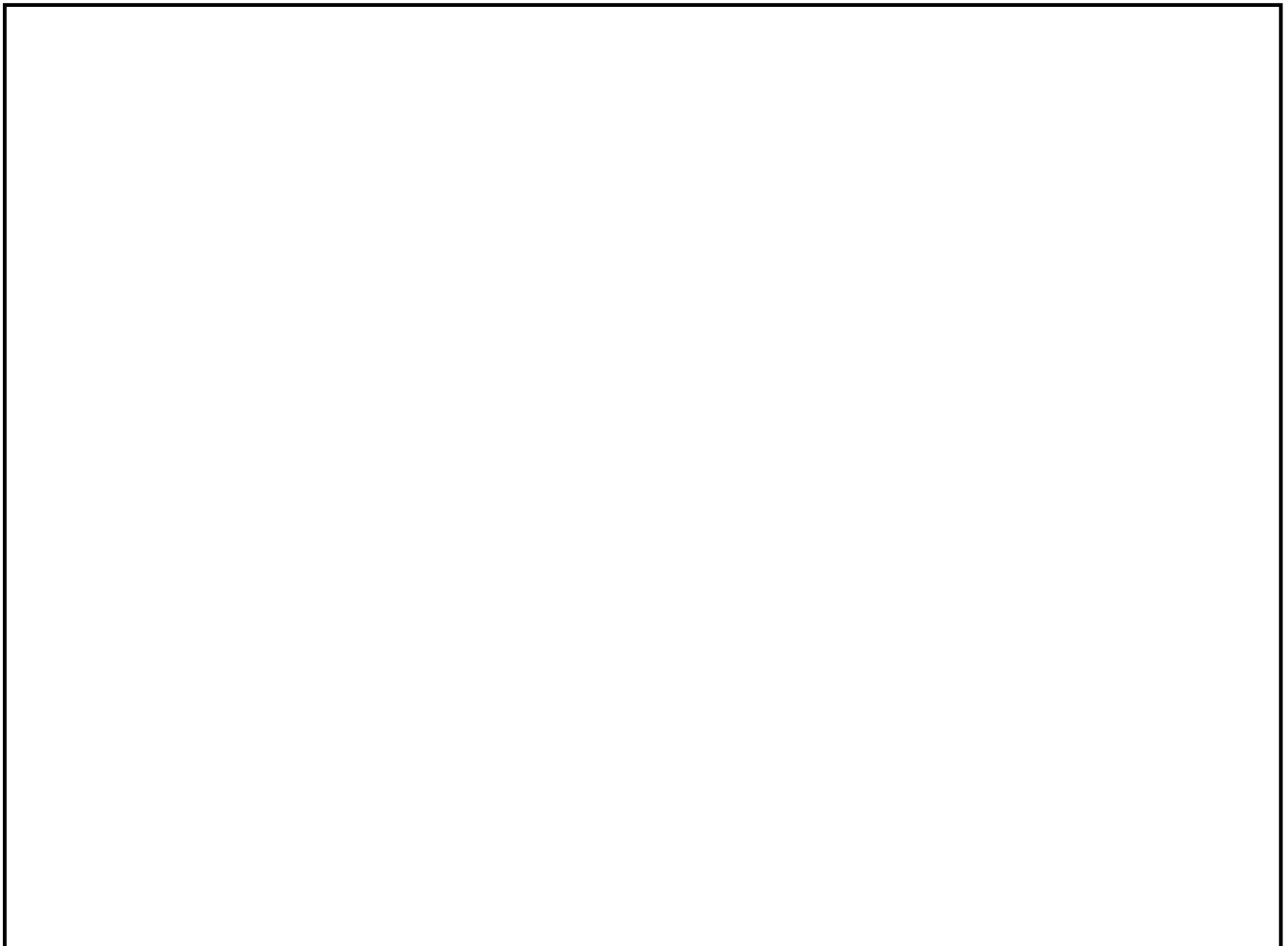
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Clouded Outlook for 1982 Winter Grains

The sowing of winter grains has been completed. These crops—primarily wheat, barley, and edible legumes—which normally account for about one-fifth of total grain output, will be harvested next spring and summer. There may have been a reduction in the area planted to winter grains this year. Because the coarse grains harvest was delayed, many farmers elected not to plant a winter crop for fear that it might be severely damaged by early winter weather. Winter grains, and winter wheat especially, require four to six weeks to develop in order not to suffer extensive winterkill [redacted]

Soil moisture conditions were generally favorable for planting, however, and some farmers in marginal areas took the risk. Now the weather has turned

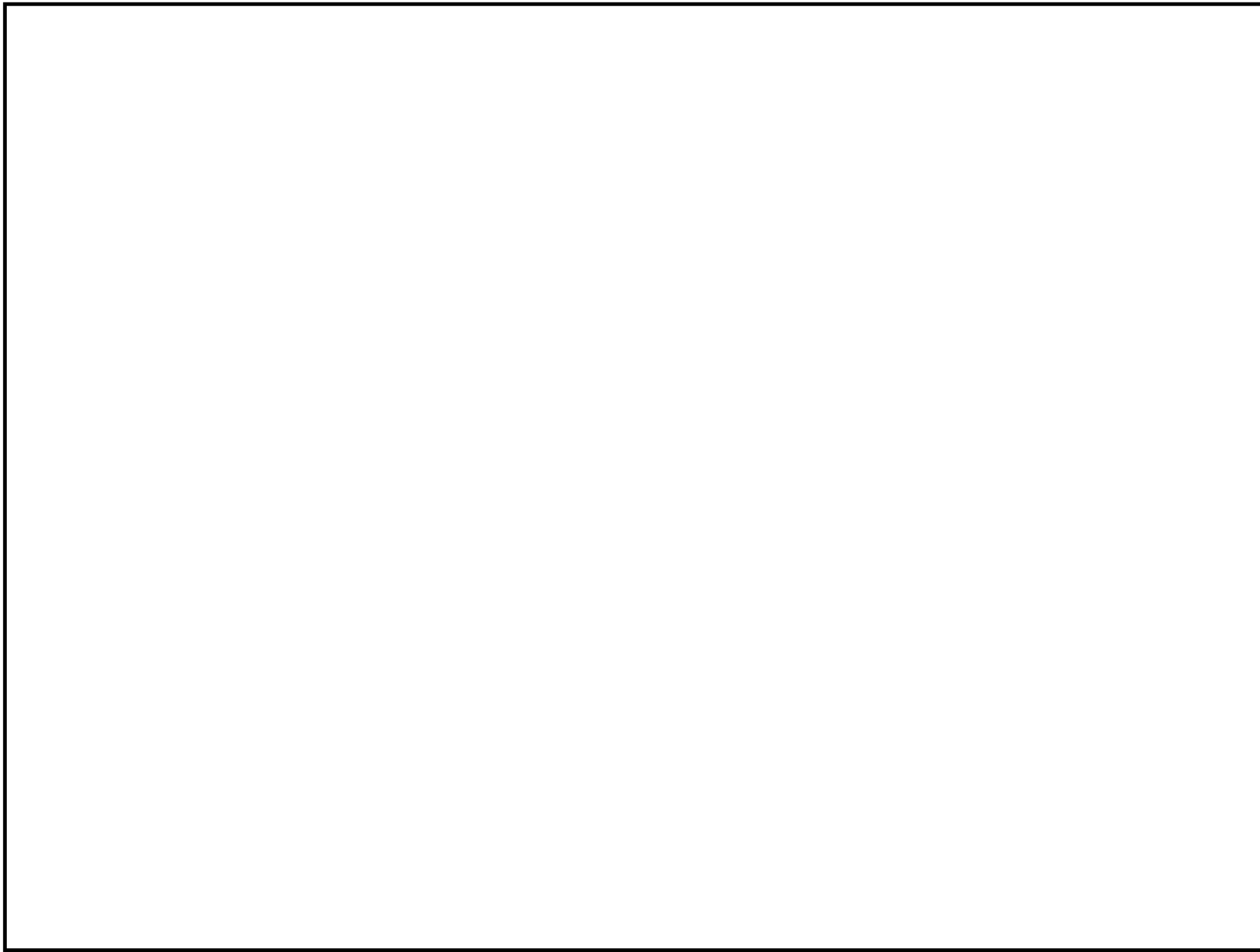
against them. Below-normal temperatures have occurred throughout North China, and the forecast is for a continuation of below-normal temperatures and light precipitation throughout the region. Without protective snow cover during periods of extreme cold, winterkill can be extensive. Weather conditions during crop dormancy—December to early April—will largely determine the amount of winterkill, but if the forecast for North China proves accurate, damage could easily be greater than normal. [redacted]

The Northeast, already snow covered and unseasonably cold, will continue to have heavy precipitation and below-normal winter temperatures. Most fields are already saturated from above-normal late summer-early fall precipitation, and the wet conditions

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are likely to have a significant impact next spring. Normally spring sowing begins in April in Liaoning and proceeds northward into Heilongjiang following the spring thaw. If the fields stay saturated throughout the winter, spring planting will be delayed. The fields will have to be allowed to drain and the grain that has been abandoned (especially in Heilongjiang) will have to be cleared away. In some areas late planting may leave immature crops vulnerable to an early frost next fall. [redacted]

Trade

China remained an active buyer of agricultural products although total imports fell from the 1980 record level. Purchases of vegetable oils, soybeans, and cotton declined and, for the first time since 1976, total

grain imports probably fell slightly. Nevertheless, to improve living standards the Chinese purchased about 13.3 million tons of wheat and corn in 1981 [redacted]

The United States supplied most of China's grain imports for the second year in a row. Although the Chinese were given permission to purchase more grain than the 9 million tons allowed in the long-term agreement (LTA), total imports from the United States probably only roughly matched 1980's record sales of 8 million tons. So far, the Chinese have failed to take 15 to 20 percent of their purchases in corn as required in the LTA. At the annual bilateral grain negotiations last summer the US negotiators admonished the Chinese to buy more corn. Since the meetings, the Chinese have purchased small amounts but

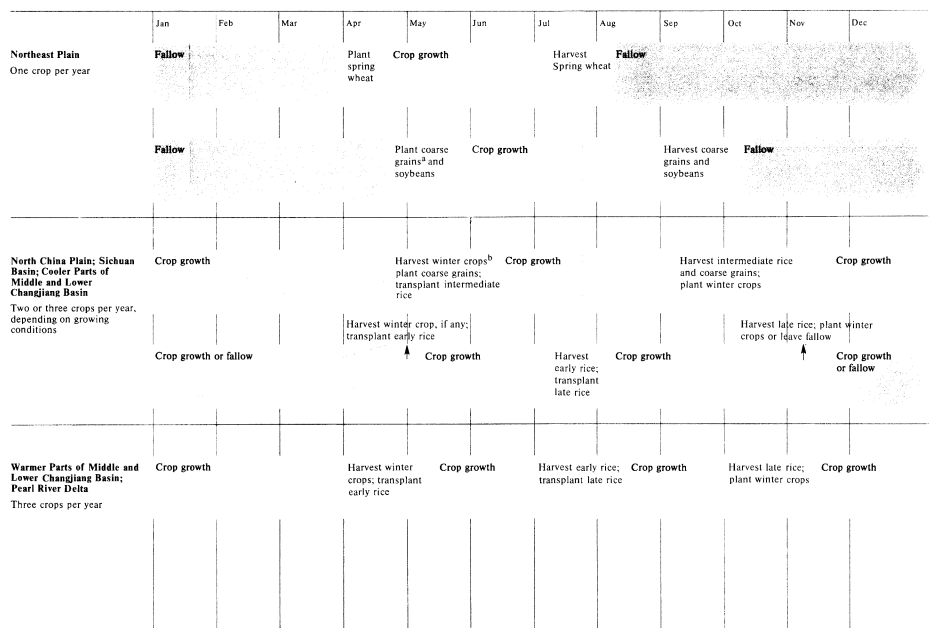
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Figure 5
China: Simplified Field Crop Calendar



^aPrimarily corn, sorghum and millet.
^bWinter wheat and barley, rape (an important oilseed crop), green-manure crops, some edible legumes and tubers.

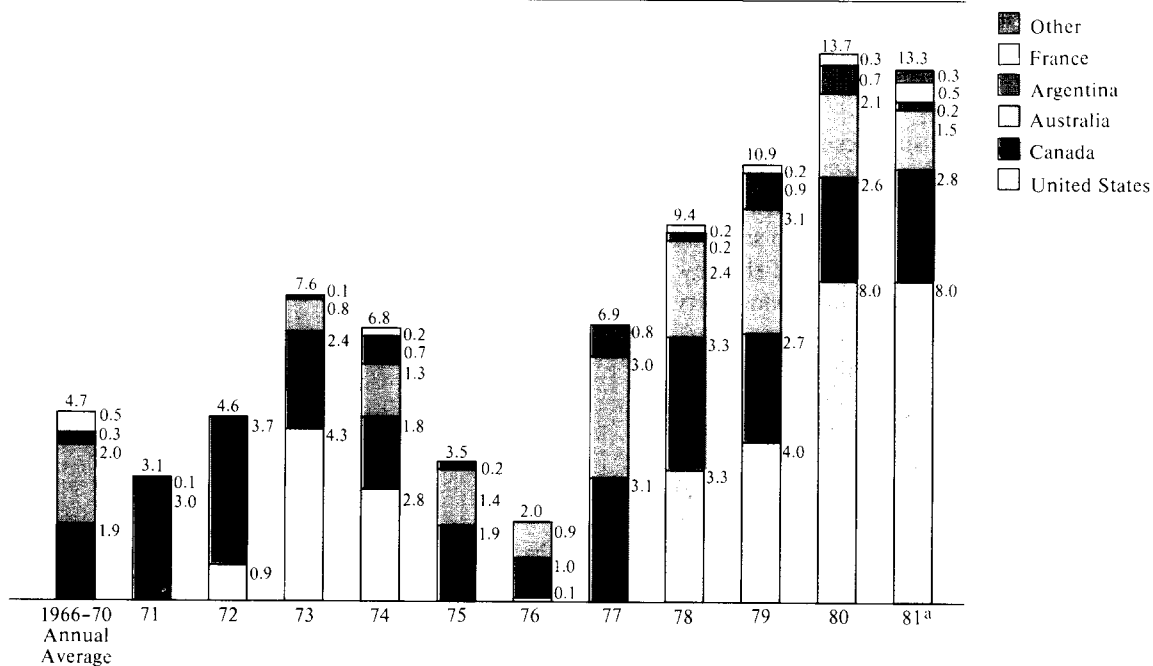
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Figure 6

China: Imports of Grain, by Source

Million Metric Tons



^aEstimated.

[Redacted]

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did not purchase the 1.2 million tons stipulated in the LTA. [Redacted]

Argentina supplied less grain to China last year. As a result of the US grain embargo against the Soviet Union, the Soviets paid premium prices for grain thereby leaving Argentina with less than the 1-million-ton minimum called for in its agreement with China. Nevertheless, the two countries have retained the agreement and, in order to preserve the spirit of the LTA, they negotiated a sale of 200,000 tons at below world market prices. [Redacted]

China's other traditional suppliers remained in the market as well. The Australians shipped less grain to China in 1981, perhaps only 1.5 million tons. Canadian sales roughly equaled their LTA minimum of 2.8

million tons. France was one of the few exporters to increase sales to China last year. Sales were up during 1981, the first year of an LTA that requires China to import 0.5 to 0.7 million tons per year. [Redacted]

Adequate domestic harvests and high US cotton prices held down US sales of soybean oil, soybeans, and cotton to China. Cotton purchases for the first 11 months of 1981 were only one-half the record purchases during the same period of 1980. Soybean sales, on the other hand, were 80 percent of the 1980 level. However, record Chinese vegetable oil production in 1980, and again in 1981, has cut US exports of soybean oil by 75 percent and no major sales are expected in the near future. [Redacted]

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Food Supplies

A harvest of 325 million tons of grain was necessary for the Chinese to maintain the 1980 per capita availability of 320 kilograms, which was above the average for recent years. Other foods made large gains in supply and variety as the production of livestock and subsidiary food crops outstripped population growth. [REDACTED]

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Much of the increase in food supplies in 1981 was the result of recent policy changes. China's present leadership is committed to raising living standards, and an increasing number of leaders are willing to sacrifice old ideologies to do so. The most radical of the new policies is the adoption of the peasant responsibility system where large collective work brigades, the traditional accounting unit, are divided into smaller groups—either work teams or family units. Incentives to the private sector have also been successful. Policies allowing peasants to own more livestock and to cultivate larger private plots have been widely implemented and, as a result, private-sector production has increased. [REDACTED]

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Although these new policies are currently under fire from some hardline leaders, it is becoming increasingly clear to Beijing that the measures must be continued to further improve living standards. The increase in food availability, however, will not keep pace with the rise in peasant income and the demand for food. Peasant income is expected to rise sharply this year from last year's per capita level of 120 yuan (US \$80), which was in turn up over 80 percent from 1977. Food supplies will remain low by world standards, however, and localized areas will continue to experience severe food shortages [REDACTED]

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