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# WITHDRAWAL SHEET

## Ronald Reagan Library

**Collection Name** MATLOCK, JACK: FILES

**Withdrawer**

JET 5/10/2005

**File Folder** SOVIET UNION-GRAIN EMBARGO EE 2/4 [1982-1984]

**FOIA**

F06-114/8

**Box Number** 27

YARHI-MILO

2707

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
10045	MEMO	BREMER TO CLARK RE SPRING GRAINS CONSULTATIONS WITH THE SOVIETS [ 2 - 2 ] <b>R 9/30/2008 F06-114/8</b>	1	2/25/1983	B1
10046	MEMCON	U.S. SOVIET RELATIONS DOBRYNIN, SHULTZ, EAGLEBURGER, AND BURT [ 6 - 8 ] <b>R 9/30/2008 F06-114/8</b>	3	1/28/1983	B1
10047	MEMO	SAME TEXT AS DOC #10045 [ 12 - 12 ] <b>R 9/30/2008 F06-114/8</b>	1	2/25/1983	B1
10053	MEMO	BREMER TO CLARK RE SPRING GRAINS CONSULTATIONS WITH THE SOVIETS [ 14 - 14 ] <b>R 9/30/2008 F06-114/8</b>	1	3/21/1983	B1

Freedom of Information Act - [5 U.S.C. 552(b)]

B-1 National security classified information [(b)(1) of the FOIA]

B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]

B-3 Release would violate a Federal statute [(b)(3) of the FOIA]

B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]

B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]

B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]

B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]

B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

# WITHDRAWAL SHEET

## Ronald Reagan Library

**Collection Name** MATLOCK, JACK: FILES

**Withdrawer**

JET 5/10/2005

**File Folder** SOVIET UNION-GRAIN EMBARGO EE 2/4 [1982-1984]

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2707

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
10054	MEMO	NOVOTNY TO HAFFERAN; HART; GOODRICH; AND EARLY RE USDA DELEGATION [ 15 - 15 ] <b>R 8/15/2007 F06-114/8</b>	1	3/18/1983	B1
10056	PAPER	GUIDANCE FOR USDA DELEGATION FOR GRAIN CONSULTATIONS WITH USSR [ 15 - 22 ] <b>R 8/15/2007 F06-114/8</b>	7	3/18/1983	B1
10060	MEMO	LELAND RE U.S.-USSR GRAINS AGREEMENT [ 25 - 25 ] <b>R 9/30/2008 F06-114/8</b>	1	4/7/1983	B1
10062	PAPER	U.S.-USSR GRAINS AGREEMENT [ 26 - 42 ] <b>R 9/30/2008 F06-114/8</b>	17	ND	B1

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C. Closed in accordance with restrictions contained in donor's deed of gift.

807 grains 1

1307

MEMORANDUM

NATIONAL SECURITY COUNCIL

CONFIDENTIAL

February 28, 1983

ACTION

MEMORANDUM FOR WILLIAM P. CLARK

FROM: PAULA DOBRIANSKY *PD*

SUBJECT: Grains Consultations with the Soviets

State forwarded you a memorandum (Tab I) which mentions the Soviets have proposed that the semi-annual grains consultations provided for under the Long-Term Grains Agreement be held in Moscow, March 22-23 or 23-24 -- dates acceptable to both State and USDA.

At Tab II is a proposed memorandum from Wheeler to Bremer which states NSC concurrence but indicates that all the papers and positions for the consultations be coordinated with and cleared through NSC. Also, to ensure that domestic/foreign audiences do not perceive these routine consultations as constituting renegotiation of the LTA, the memorandum requests that State and USDA clarify the distinctions in their press guidance.

Roger Robinson concurs.

RECOMMENDATION

That you approve the memorandum at Tab II from Wheeler to Bremer.

Approve \_\_\_\_\_ Disapprove \_\_\_\_\_

Attachments:

- Tab I State's memorandum, February 25
- Tab II Proposed memorandum from Wheeler to Bremer

DECLASSIFIED  
White House Guidelines, August 28, 1997  
By smf NARA, Date 7/23/02

CONFIDENTIAL

Declassify on: OADR



United States Department of State

Washington, D.C. 20520

February 25, 1983

~~CONFIDENTIAL~~MEMORANDUM FOR MR. WILLIAM P. CLARK  
THE WHITE HOUSE

SUBJECT: Spring Grains Consultations with the Soviets

The Soviets have proposed to USDA that the semi-annual grains consultations provided for under the Long-Term Grains Agreement (LTA) be held in Moscow March 22-23 or 23-24. We have informed USDA that this is acceptable to us. The U.S. delegation will probably be headed by the new Undersecretary of Agriculture, who has yet to be named. These talks are held on a regular basis semi-annually and are informational in nature rather than policy discussions.

We will, of course, consult with USDA on the preparation of papers and positions for the consultations, in particular with reference to the LTA. The Department's position is that the Polish sanction postponing negotiation of a new LTA is still in effect, that now is not an appropriate time politically to discuss a new LTA, and that the USG has taken no decision as to the future of the LTA.

*L. Paul Bremer, III*  
L. Paul Bremer, III  
Executive Secretary

DECLASSIFIED  
NLRR F06-114/8#10045  
BY HAS NARA DATE 9/30/08

~~CONFIDENTIAL~~  
DECL: OADR

NATIONAL SECURITY COUNCIL  
WASHINGTON, D.C. 20506

~~CONFIDENTIAL~~

MEMORANDUM FOR L. PAUL BREMER, III  
Executive Secretary  
Department of State

SUBJECT: Spring Grains Consultations with the Soviets

NSC has reviewed and concurs with State's memorandum of February 25, 1983, on Grains Consultations with the Soviets. However, we ask that all position papers for the consultations and USDA/State press guidance be coordinated and cleared through NSC. To ensure that domestic and foreign audiences do not perceive that these routine consultations constitute a renegotiation of the Long-Term Agreement, USDA and State's press guidance should clarify the necessary distinctions.

Michael O. Wheeler  
Staff Secretary

DECLASSIFIED  
White House Guidelines, August 28, 1997  
By smf NARA, Date 7/23/02

~~CONFIDENTIAL~~

Declassify on: OADR

File Sov Diplo 4  
ID 8390170

NSC/S PROFILE

~~SECRET/SENSITIVE~~

RECEIVED 15 FEB 83 18

TO CLARK

FROM EAGLEBURGER, L

DOCDATE 15 FEB 83

DECLASSIFIED  
White House Guidelines, August 28, 1997  
By smj NARA, Date 7/23/02

KEYWORDS: USSR

DOBRYNIN, ANATOLIY F

SUBJECT: MEMCON OF EAGLEBURGER MTG W/ AMB DOBRYNIN ON 28 JAN

ACTION: FOR RECORD PURPOSES                      DUE:                      STATUS C                      FILES SII

FOR ACTION

FOR CONCURRENCE

FOR INFO

DOBRIANSKY

LENCZOWSKI

COMMENTS

REF# 8302894

LOG

NSCIFID

( B / B )

ACTION OFFICER (S)      ASSIGNED                      ACTION REQUIRED                      DUE                      COPIES TO


DISPATCH \_\_\_\_\_ W/ATTCH FILE \_\_\_\_\_ (C)

DEPARTMENT OF STATE  
THE UNDER SECRETARY  
FOR POLITICAL AFFAIRS

SY-II  
90170

Bill Clark - The Secretary  
asked that I make  
a specific effort to  
brief you on his talk  
with Bob. Here is the  
memo; I'll be glad  
to go into more detail  
if you wish. llc





Assistant Secretary of State  
for European Affairs

Washington, D.C. 20520

DIST:  
S  
D  
S/S  
NSC(e.o. Clark)

~~SECRET~~

MEMORANDUM OF CONVERSATION

WPC HAS SEEN

Subject: US-Soviet Relations

Participants: Ambassador Anatoliy Dobrynin  
DCM Alexander Bessmertnykh

The Secretary  
Under Secretary Eagleburger  
Assistant Secretary Burt, Designate

Date: January 28, 1983 Time: 12:30 p.m.

Place: The Secretary's Office

\* \* \* \* \*

Dobrynin joined the Secretary for lunch and an informal, wide-ranging discussion of US-Soviet relations. After a private meeting with Dobrynin the Secretary and Dobrynin joined others for lunch. Present were on the American side, Lawrence Eagleburger and Richard Burt and on the Soviet side, Alexander Bessmertnykh. The Secretary briefly summarized the private meeting by saying that the two had agreed to meet regularly on US and Soviet questions, including arms control, regional issues and bilateral questions. They had surveyed the various exchanges now under way in Geneva, Madrid and Vienna, as well as the discussions that had been held earlier on non-proliferation and southern Africa. They had agreed that a Foreign Ministers' meeting should probably be held sometime before the next UNGA, but that it was too early to suggest a specific date. They had also agreed on the general desirability of a U.S.-Soviet summit, but that it was the U.S. view that such a meeting achieve concrete results. The Secretary asked Dobrynin whether this was a fair summation of their private dialogue and Dobrynin agreed.

Dobrynin then went on at length about his conception of the best way to do business on arms control. He felt little progress in arms control negotiations had been made thus far. It was important to have a channel in which to resolve difficult problems; this could be the Shultz-Gromyko channel. The negotiators in Geneva did not have sufficient flexibility to resolve major problems. Nitze tried but did not succeed. The experience of the past ten years showed that when major problems arose, the Foreign Ministers were required to meet and resolve them. It was then left to the negotiators to put the results into treaty language.

~~SECRET~~  
DECL: OADR

DECLASSIFIED

NLRR Feb-11/8 #10046  
BY [signature] NARA DATE 9/30/09

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~~SECRET~~

-2-

The Secretary did not rule out the possibility of discussing INF and START in the Shultz-Gromyko channel, but noted the US preference for conducting the negotiations in Geneva and added that with new rounds beginning in both negotiations, that it made sense now to see what developed in the talks before deciding how to treat arms control in any future Shultz-Gromyko meeting.

Turning to the issue of bilateral relations, Dobrynin proposed that progress between the two sides might be made by expanding areas of bilateral cooperation. During recent consultations in Moscow, Dobrynin said, Andropov asked him what the Reagan Administration had done in a positive sense in US-Soviet relations. Had the Americans agreed to even one thing? Dobrynin said he had to answer no. Dobrynin pointed out that over the course of the past year a number of bilateral agreements had lapsed. He suggested that perhaps we should now consider making an inventory of bilateral agreements, with each side listing bilateral agreements and less formal undertakings under such categories as "cancelled," "lapsed," "ongoing," and "close to agreement." The Secretary agreed and suggested that such lists might be discussed at his next meeting with Dobrynin -- perhaps in late February. Dobrynin agreed and said that he would be in touch with Eagleburger next week on this project.

Dobrynin said there were a number of other bilateral talks in the national security area that were also worth exploring, such as discussion of radiological weapons, chemical weapons, conventional arms transfers, and Indian Ocean naval deployments. The Secretary was noncommittal.

Dobrynin then listed a number of broader issues that in his opinion were topical, including the CSCE meeting in Madrid, South Africa, the Middle East, nonproliferation, and the Warsaw Pact's recent Prague Declaration. Concerning Madrid, Dobrynin said only that he had recently met with US delegation chief Max Kampelman. Dobrynin characterized the several bilateral exchanges on South Africa as "not bad." The Secretary noted that these exchanges so far had resulted in little, but agreed that they probably should be continued as circumstances warranted.

On the Middle East, which Dobrynin characterized as a "sacred area" for the United States, the two sides should consider bilateral talks that would be given little or no publicity. The Secretary said that he and Gromyko had already discussed the Middle East at length, as had Secretary Haig and Gromyko, and indicated that the United States was not prepared to go beyond those discussions.

The Secretary agreed with Dobrynin that the Washington bilaterals on nonproliferation had been useful and should be continued. Dobrynin said he would like to talk about the Prague Declaration, which contained many good ideas. He complained that so far,

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~~SECRET~~

-3-

Washington had ignored the proposals contained in the communique. The Secretary said he would be willing to listen if Dobrynin wished to discuss that matter at their next meeting.

The Secretary stressed there were other regional issues of importance to the United States that must remain on the agenda. These included Poland, Kampuchea, Afghanistan, and Central America. Dobrynin said that he would be willing to address these in future meetings.

In addition, the Secretary continued, human rights issues were in our view also central to the relationship. They were an "historic issue" for the United States. During the Vice President's meeting with Andropov in Moscow last November, Andropov had underscored the importance of noninterference in internal affairs. We understood that concern. But for the United States, human rights was a question of major importance, and would remain so. These issues, such as the situation of Soviet Jewry, should be handled in a practical way, without publicity. Dobrynin commented that issues of this sort were most easily resolved in a climate of overall improvement in the relationship and noted the negative impact that the Jackson Amendment had had on Soviet emigration.

Summing up, Dobrynin characterized arms control negotiations as by far the most important area for progress, and indicated that in addition to surveying bilateral agreements, START and INF should be on the list of discussion topics for the next meeting.

The Secretary said that although the primary negotiations should remain in Geneva, he would not object if Dobrynin wished to discuss START and INF. While not as important, confidence-building measures comprised an area where relatively early accomplishments were possible. At the same time, human rights and regional issues must also remain on the agenda.

At the conclusion, Eagleburger reminded everyone that Bessmertnykh would soon be leaving for Moscow to head the U.S. department in the Soviet MFA. All Americans present wished him luck.

Drafted: EUR:RBurt<sup>RB</sup>  
1/29/83 x29626

Cleared: P:LSEagleburger<sup>ME</sup>

~~SECRET~~

*mf*

*Dobransky*  
1307  
S/S 8305611  
*ussel grain 9*

NATIONAL SECURITY COUNCIL  
WASHINGTON, D.C. 20506

~~CONFIDENTIAL~~

March 7, 1983

MEMORANDUM FOR L. PAUL BREMER, III  
Executive Secretary  
Department of State

SUBJECT: Spring Grains Consultations with the Soviets

NSC has reviewed and concurs with State's memorandum of February 25, 1983, on Grains Consultations with the Soviets. However, we ask that all position papers for the consultations and USDA/State press guidance be coordinated and cleared through NSC. To ensure that domestic and foreign audiences do not perceive that these routine consultations constitute a renegotiation of the Long-Term Agreement, USDA and State's press guidance should clarify the necessary distinctions.

*Michael O. Wheeler*  
Michael O. Wheeler  
Staff Secretary

DECLASSIFIED  
White House Guidelines, August 28, 1997  
By *smf* NARA, Date *7/23/02*

~~CONFIDENTIAL~~  
Declassify on: OADR

# National Security Council The White House

560

Package # \_\_\_\_\_

MAR 0 1 1983

*Thompson*

	SEQUENCE TO	HAS SEEN	ACTION
John Poindexter	<u>1</u>	<u>BJ</u>	
Bud McFarlane	<u>2</u>	<u>m</u>	
Jacque Hill	<u>3</u>		
Judge Clark	<u>4</u>	<u>✓</u>	<u>A</u>
John Poindexter			
Staff Secretary	<u>5</u>	<u>MW</u>	<u>H</u>
Sit Room			

I-Information    A-Action    R-Retain    D-Dispatch    N-No further Action

### DISTRIBUTION

cc: VP    Meese    Baker    Deaver    Other \_\_\_\_\_

### COMMENTS

## MEMORANDUM

## NATIONAL SECURITY COUNCIL

~~CONFIDENTIAL~~

February 28, 1983

ACTION

MEMORANDUM FOR WILLIAM P. CLARK

FROM: PAULA DOBRIANSKY <sup>(17)</sup>

SUBJECT: Grains Consultations with the Soviets

State forwarded you a memorandum (Tab I) which mentions the Soviets have proposed that the semi-annual grains consultations provided for under the Long-Term Grains Agreement be held in Moscow, March 22-23 or 23-24 -- dates acceptable to both State and USDA.

At Tab II is a proposed memorandum from Wheeler to Bremer which states NSC concurrence but indicates that all the papers and positions for the consultations be coordinated with and cleared through NSC. Also, to ensure that domestic/foreign audiences do not perceive these routine consultations as constituting renegotiation of the LTA, the memorandum requests that State and USDA clarify the distinctions in their press guidance.

Roger Robinson concurs.

RECOMMENDATION

That you approve the memorandum at Tab II from Wheeler to Bremer.

Approve \_\_\_\_\_ Disapprove \_\_\_\_\_

## Attachments:

Tab I State's memorandum, February 25  
 Tab II Proposed memorandum from Wheeler to Bremer

DECLASSIFIED

White House Guidelines, August 28, 1997  
 By smf NARA, Date 7/23/02

~~CONFIDENTIAL~~

Declassify on: OADR

United States Department of State

Washington, D.C. 20520

February 25, 1983

  
~~CONFIDENTIAL~~MEMORANDUM FOR MR. WILLIAM P. CLARK  
THE WHITE HOUSE

SUBJECT: Spring Grains Consultations with the Soviets

The Soviets have proposed to USDA that the semi-annual grains consultations provided for under the Long-Term Grains Agreement (LTA) be held in Moscow March 22-23 or 23-24. We have informed USDA that this is acceptable to us. The U.S. delegation will probably be headed by the new Undersecretary of Agriculture, who has yet to be named. These talks are held on a regular basis semi-annually and are informational in nature rather than policy discussions.

We will, of course, consult with USDA on the preparation of papers and positions for the consultations, in particular with reference to the LTA. The Department's position is that the Polish sanction postponing negotiation of a new LTA is still in effect, that now is not an appropriate time politically to discuss a new LTA, and that the USG has taken no decision as to the future of the LTA.

*L. Paul Bremer, III*  
L. Paul Bremer, III  
Executive Secretary

DECLASSIFIED

NLRR F06-114/8#10047

BY LOS NARA DATE 9/30/08~~CONFIDENTIAL~~  
DECL: OADR

USSR/Grains 13

NSC/S PROFILE

~~CONFIDENTIAL~~

ID 8301911

RECEIVED 22 MAR 83 10

TO CLARK

FROM BREMER

DOCDATE 21 MAR 83

DECLASSIFIED  
White House Guidelines, August 28, 1997  
By smf NARA, Date 7/23/02

KEYWORDS: USSR

GRAINS

INTL TRADE

SUBJECT: DRAFT SCOPE PAPER / SPRING GRAINS CONSULTATIONS W/ SOVIETS

ACTION: PREPARE MEMO FOR CLARK

DUE: 25 MAR 83 STATUS S FILES

FOR ACTION

FOR CONCURRENCE

FOR INFO

DOBRIANSKY

ROBINSON

MCMINN

MYER

BAILEY

NAU

STEARMAN

MARTIN

Close out -

(delegation as of today is in Moscow)

Norm Bailey already informed USDA that we concur with State's comments - drop pt. 4, amend pts. 1 and 3.

COMMENTS

However, <sup>he</sup> told USDA to make its own determination as to whether an additional consultation meeting should be held in State was apprised as well.

Paula 3/23/83

REF# 8308201

LOG 8301307

NSCIFID

( H / )

ACTION OFFICER (S) ASSIGNED ACTION REQUIRED DUE COPIES TO

NSC/S C 23 Mar see note by Dobriansky

DISPATCH

W/ATTCH FILE

(C)





United States Department of State

Washington, D.C. 20520

1911

~~CONFIDENTIAL~~

March 21, 1983

83 MAR 22 A12: 54

MEMORANDUM FOR MR. WILLIAM P. CLARK  
THE WHITE HOUSESUBJECT: Spring Grains Consultations with the Soviets  
WHITE HOUSE  
REGISTRATION ROOM

The Department has reviewed the draft scope paper provided by USDA for the upcoming US-Soviet grains consultations March 24-25 in Moscow. Other than a few minor changes, which we expect to work out with USDA, the Department has the following two comments on the paper, which have been sent to USDA and USTR.

1. The USDA paper proposes that we offer the Soviets an additional consultation meeting this summer primarily so the new Undersecretary could meet his Soviet counterparts. While we do not oppose such a meeting in principle, we do not think now is the time to propose it, especially since a new Undersecretary of Agriculture has neither been announced nor confirmed. Furthermore, the issue of holding such talks should be considered at the policy level and formally by the NSC. If the new Undersecretary decides he would like to go ahead with such talks, the issue could be reviewed once he is confirmed.

2. We are basically in agreement with USDA on their three points under "Status of LTA Talks." We proposed modifications to points 1 and 3, which USDA accepted, including dropping the phrase in point 3, "other than to say...can be rescheduled." However, the USDA paper proposes going beyond these points, which would merely reiterate present policy, and querying the Soviets on their views on a new and enlarged LTA. We believe that putting forth such a question would signal the Soviets that we are ready to discuss a new LTA at a time when the USG has not decided on a course of action on this issue. Rather, we should simply stick to the guidance in points 1-3, as amended; that is, if the Soviets raise the issue, we listen, but say no more than that we are not prepared to comment on a new LTA or what might be included in a new LTA.

With these two changes, the Department of State could concur with the USDA paper.

Attachment:  
Draft Scope Paper

  
L. Paul Bremer, III  
Executive Secretary

~~CONFIDENTIAL~~  
DECL:OADR

DECLASSIFIED

NLRR FO6-114/8#10053

BY LOJ NARA DATE 9/30/08



United States  
Department  
of Agriculture

Foreign  
Agricultural  
Service

Washington,  
D. C.  
20250

March 18, 1983

TO: Mr. Hafferan  
Mr. Hart  
✓ Mr. Goodrich  
Ms. Early

FROM: Mr. Novotny

Attached is a clean version of the overall guidance paper for Mr. Tracy's delegation to next week's grain consultations with the USSR. Also attached are some draft opening remarks.

We have recast the portion of the overall guidance which deals with "status of LTA talks;" the delegation would avoid any comment about the desirability or content of a future LTA, but would be prepared to take note of any points that the Soviets might wish to register on this topic.

As for an additional consultation meeting later in summer, it would be commercially beneficial, so we would like to have everyone's concurrence in going ahead with such an arrangement.

I felt this revised paper should be circulated today in as much as Mr. Goodrich is leaving earlier than the rest of the delegation; hopefully there would be no further point needing to be resolved, but if this is not the case, please let me know.

**Attachments**

cc: Mr. Robinson, NSC  
Mr. Tracy, USDA

DECLASSIFIED  
NLS F06-114/8#10054  
BY LOJ, NARA, DATE 8/15/07

The Soviets may ask about our new credit and export expansion initiatives, as they have before. We would briefly explain these. We would indicate that they are designed mainly to tap demand in poor countries which cannot be satisfied due to financial constraints. Recognizing that government credit and credit guarantees are prohibited by law, we could say that:

- 1) These programs are designed particularly for the poor, less-developed countries.
- 2) For developed countries, almost no use is being made of special credit programs since we expect them to use commercial bank credit.
- 3) We would like to reiterate, as stated in our previous consultation meeting, that the U.S. has no problem with the use of commercial credit by the USSR to buy U.S. grain.

The Soviet side may also suggest that there are growing tendencies toward a trade war among agricultural exporters, and may seek comment from the U.S. side. We could respond that:

- 1) We do not expect recent developments to result in a trade dispute among agricultural exporters. We are continuing our efforts to reduce trade barriers and unfair trade practices.
- 2) While we are attempting, at the same time, to remain competitive, the major thrust of new U.S. export initiatives is to develop new markets and expand the overall volume of trade.

3) Despite the current weakness in grain prices, we believe that there is a good possibility of a tighter supply/demand situation in the near future. We expect significant production cutbacks to result from our domestic farm programs, and the continued drought in the southern hemisphere does not bode well for 1983 crops. In light of these factors, and the possibility of increased demand--due, in part, to economic recovery--we anticipate stronger prices in the coming year.

In response to the Soviet presentation, the U.S. side may for example ask about the following:

- 1) The outcome of the 1982 grain crop.
- 2) Are there problems with the current winter crop, and might they cause larger imports next year than this year?
- 3) Progress of their food program (port construction; plans to import more feed additives).

Agenda Item 2: Status of Shipments/Sales

Following the normal exchange of data on shipments and sales for the current year, the U.S. delegation should inquire about trade prospects for this year. (There will be no need, at this session, to deal with the issue of offering U.S. grain over-and-above the 23 million tons currently available.) Example questions are:

- 18
- 1) The Soviet side indicated at the last meeting that total wheat and coarse grain imports in the July-December 1982 period would be only 12 or 13 million tons. What was the actual total? Is an increase expected in the January-June 1983 period?
  - 2) Is the recent decline in USSR total feedgrain imports, relative to wheat, a temporary situation?
  - 3) Is livestock feeding activity being accelerated?
  - 4) Is the increase in wheat import demand this year a result of quality problems in Soviet domestic wheat? Is this a new trend?
  - 5) Is the reduction of coarse grain imports simply a result of changes in domestic production, or has there been a significant change in plans for livestock production?

Agenda Item 3: Other Business - Quality

In addition to the usual update on quality by shipment, there may be some additional discussion on wheat scab--an issue given considerable attention in the fall meeting. We have considered the problem resolved. The Soviets sent a special team here in November to investigate the scab situation; a protocol was signed and we have received word from the Soviets that the initial wheat shipments from the U.S. have been satisfactory, and in accordance with what was agreed in November. If the Soviets indicate that new problems have arisen--and it is unlikely, as we would probably have heard already--we would express our willingness to take their comments back to the inspection and industry people in the U.S. for consideration.



Additional Consultation Meeting

This year, it would be helpful, when holding the consultations with the Soviets, to arrange an extra consultation meeting for early summer. This year's spring consultation, because of dates fixed some months ago, is being held earlier than usual. Also, when the date for this year's consultation was set, we were unaware of the major new programs for domestic acreage reduction which would be taking shape at this time, and we were, of course, unaware that a permanent USDA Under Secretary would not be in place at this time. While one option would have been to postpone this March consultation session, it was felt that this might be a negative signal to the Soviets and would weaken the possibility for their making further purchases of U.S. grain for shipment in the remaining months of this agreement year.

A new USDA Under Secretary, who should be in place soon, will have need for early direct contact with Soviet officials concerned with our grain trade, and an extra consultation session set now for perhaps a date in mid-June, would provide such opportunity. Extra consultation sessions are specifically provided for under the agreement and have in fact been held in the past.

Therefore, at the close of the forthcoming Moscow session, the U.S. side will plan to propose that an extra consultation session meeting be set for mid-June. The delegation will offer specific dates and a location away from Washington, suggesting a city in the mid-west or possibly San Francisco. If the Soviets indicate a preference for a third-country location the delegation could agree to Vienna.

Although the key reason for the extra consultation session will be to assure an opportunity for the new USDA Under Secretary to review our current year grain trade with the Soviets, and to discuss our supply situation in light of our major new domestic production cut-backs, an additional factor will be the status of the existing LTA. The question of a new LTA will need to be addressed in coming weeks as a result of pressures from both agricultural sectors and the Congress. Presumably a definitive administration position on what to do about post-September 30 grain trade relations with the USSR will be developed within the next couple of months.

Status of LTA Talks

The Soviets have asked informally if the U.S. delegation will have any proposals to make regarding a new LTA. They have been informally told that we will not. While avoiding any substantive discussion on a new LTA, the delegation may make the following points:

1. The U.S. values our grain trade with the Soviet Union. We think it is a mutually advantageous relationship. We recognize that an LTA has been a useful and desirable framework for our grain trade relations. We hope that this trade can increase.
  
2. At one time, talks toward a new LTA had been scheduled, but were postponed because of circumstances in Poland. We do not know at this time when it might be possible to re-schedule talks.

3. Thus, we are not prepared at this time to comment on a new LTA, or what might be included in a new LTA, [other than to say that we remain interested if and when talks can be rescheduled.]

4. We are, however, prepared to hear Soviet views on a new and enlarged LTA.



## Possible Points to Include in Opening Remarks

1. It is a great pleasure for me to be a part of this consultation process. We view this process as an important avenue for communication and cooperation which has been mutually beneficial.
2. As you know, Mr. Lodwick has resigned from USDA, and as yet, we do not have a permanent, new Under Secretary. I am the Acting Under Secretary and have worked quite closely with Mr. Lodwick for some time. He has spoken very highly of Mr. Gordeev and his distinguished delegation. I look forward to our working together.
3. I would like to reaffirm the view expressed in previous consultations that our grain trade and our grain agreement are an important thread in overall relations between our two countries. As always, the strength of that thread depends upon our ability to work together in a spirit of cooperation and mutual benefit.
4. We hope that this thread will continue to strengthen. We have taken a number of steps in the U.S. to allow U.S. sellers and Soviet buyers to trade with confidence--confidence in our reliability as a supplier. Since our two sides last met, the U.S. Congress and the Administration have taken firm action --through legislation--to reaffirm the commitment of our country to the sanctity of agricultural trade contracts.
5. Our farmers are now making very important decisions regarding our production in the coming year. The U.S. Government will also be making a decision soon on what production cutbacks, if any, might be necessary for 1984, and possibly beyond. What we do here in our talks and in our trade will have a significant impact on these decisions.
6. We hope that there will be further opportunity in the future to meet, cooperate, and facilitate the growth of our important grain trade. At the end of this session, I would hope that our two sides could consider this further.

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DOCDATE 21 MAR 83

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White House Guidelines, August 28, 1997  
By smf NARA, Date 7/23/02

KEYWORDS: USSR

GRAINS

INTL TRADE

SUBJECT: DRAFT SCOPE PAPER / SPRING GRAINS CONSULTATIONS W/ SOVIETS

ACTION: PREPARE MEMO FOR CLARK

DUE: 25 MAR 83 STATUS S FILES

FOR ACTION

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FOR INFO

DOBRIANSKY

ROBINSON

MCMINN

MYER

BAILEY

NAU

STEARMAN

MARTIN

*I have no objection to scheduling June meeting. -> agree with State on point 2*

COMMENTS

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FOR INFO

DOBRIANSKY

ROBINSON

MCMINN

MYER

BAILEY

MAU

STEARMAN

MARTIN

COMMENTS

*Paula, are you handling the Soviet account. We would certainly agree with State's comment. The fourth para is dropped. I would say it looks OK.*  
*Henry*

REF# 8308201

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EXECUTIVE OFFICE OF THE PRESIDENT  
WASHINGTON, D.C. 20506  
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GRAIN ]

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P do Pr. A. sky

April 7, 1983

At the request of Assistant Secretary Leland,  
the attached document is being distributed  
to the IG and the subject matter will be dis-  
cussed in a meeting at USTR in Room 203 on  
Monday, April 11 at 6:00 p.m.

Attachment

DECLASSIFIED

NLRR Fol6-114/8 #10060

BY 105 NARA DATE 9/30/08

DECLASSIFIED

NLRR FOG-114/S#10062

ISSUE PAPER

BY NS NARA DATE 9/30/08

U.S.-USSR Grains Agreement

26

Issue

The current U.S.-USSR Grains Agreement will expire on September 30, 1983. The Soviets have indicated that they are not interested in further 1-year extensions. They have told us that trade expansion is best facilitated by long-term obligations and are ready to negotiate a new long-term agreement with us. Both sides have indicated a desire to work toward expansion of our grain trade. The Administration must decide soon whether to initiate talks on a new LTA.

Options

Option 1: Allow the existing U.S.-USSR Grains Agreement to expire without providing for any formal agricultural trading agreement between the two countries after September 30, 1983.

Advantages:

- Would be consistent with the President's policy of postponing negotiations on a new long-term grain agreement

with the Soviets until there were further improvements in the Polish situation.

- Could appeal to some as an Administration attempt to reduce government intervention in the international marketing of U.S. agricultural products.

- Would leave the President marginal additional latitude with respect to the possibility of cutting off Soviet trade beyond the protected 270-day period.

Disadvantages:

- Would lead to a lower level of U.S. grain exports, increasing the likelihood of mandatory U.S. production controls in future years. During consultations under the current agreement, the Soviets have already stated their intention to orient purchases toward those with whom they have long-term commitments and to overfulfill those commitments. Thus, the U.S. would be a supplier of last resort and competing countries would be greatly encouraged to increase their production still further.

- Could virtually eliminate U.S. wheat exports to the USSR. Would discourage rapid expansion of the Soviet livestock industry and trade, particularly in feed grains.

- Could lead to disruption of the U.S. grain market if the Soviets were to resume their erratic purchasing behavior of the early 1970's. Without an agreement, the Soviets would have no obligation to consult or space purchases.

- U.S. farmers would view lack of an agreement as significantly reducing their grain marketing opportunities in the Soviet Union, and this could be perceived as undermining the President's commitment to help increase agricultural exports.

- Would eliminate one of the few remaining formal U.S.-USSR ties.

Option 2: Begin negotiations on a new LTA as soon as possible.

Advantages:

- Since the USSR imports more grain than any other country, increased sales to the USSR represent our best single hope for increasing the level of our total grain exports and for reducing the pressure for the imposition of mandatory U.S. production controls.

- Although we generally do not favor LTA's, given Soviet planning and purchasing practices, an LTA is necessary if the U.S. is to maximize its grain exports to the USSR; it is necessary if the U.S. is to have access to the Soviet market equal to that of other exporters with whom the Soviets have LTA's.

- With a U.S.-USSR LTA, competitors would have less incentive to increase production; they would no longer have the strong advantage of a preferred position in that market.

- A new LTA would encourage the Soviets to expand their livestock and poultry industries; thus it would tend to create greater USSR dependency on the U.S. as a supplier. This should contribute to a more stable bilateral relationship.

- Would maintain, and even strengthen the remaining links between the two countries, something both sides have indicated a strong desire to do.

Disadvantages:

- Some might perceive it to be a retreat from the sanctions imposed in response to the Polish situation, an interpretation likely to be promoted by the Soviet government.



- It is possible that other major U.S. customers could perceive the LTA as preferential treatment for the USSR in the event of a a rare situation of exceptionally short supplies.

- Could be used by other governments to argue against the policy of economic restraint with the USSR now being advanced by the USG.

Discussion

Soviet Import Demand. Each of the past four Soviet grain crops have been poor. While it is too early to make specific conclusions about the 1983 crop, conditions thus far point to a level of output considerably below target. Given this situation, and expressed Soviet desires to rebuild reserves and expand livestock production, the Soviets can be expected to continue large imports. The actual level of trade will depend primarily upon the availability of funds, the actual Soviet harvest, grain prices, plans for expansion of the Soviet livestock industry, and U.S.-USSR trading relations. While the Soviets will undoubtedly continue to import some wheat, they expect the main thrust to be in feed grains, unless their own wheat is of poor quality, as was the 1982 crop. Nevertheless, the level of feed grain imports will depend upon plans for livestock expansion, and the

Soviets have indicated that those plans are based largely upon the level of supplies which they can count on over the long term.

U.S.-USSR Grain Agreement in the Context of the World Grain Market. It is quite likely that a long-term grain agreement between the Soviet Union and the United States would have an effect on the total volume of world grain trade, and the proportion supplied by the U.S. in future years, and perhaps even in the current marketing year. Initiation of LTA talks alone would be an important positive signal and would probably lead to significantly larger purchases of U.S. corn for shipment in the remaining months of the current LTA. Their buying in the past has frequently been signal-oriented.

The Soviets do not look upon a one-year extension as a long-term commitment, and have preferred to import increasing amounts from those countries with whom they have LTAs. Moreover, since those countries do not have the feed grain availability that the U.S. does, the Soviets have tended to limit the expansion of their livestock industry (meat consumption has been fairly stagnant for the past five years or so) and draw upon their somewhat meager grain reserves. They have clearly stated that they would like to expand livestock production and reserves and that an LTA with the U.S. would facilitate an expansion of our trade. If, by

failing to negotiate a long-term agreement, the Soviets were further discouraged from satisfying their import demands in the U.S. market, they would continue to seek alternative sources of supply. The prospect of servicing a consistently large buyer, such as the Soviet Union, would prompt other exporting countries to further increase their production while the U.S. is cutting back. (Since the 1980 Soviet grain embargo, Argentina and Canada have each increased their grain production by more than 50 percent.) This increased production would reduce the U.S. share of the growth in global grain trade.

One might question whether it is necessary to have an LTA with the Soviets when we have just enacted legislation which provides for contract sanctity of 270 days. The answer is that the Soviets do not regard 270 days as an adequate planning period. It is well known that Soviet plans run five years in length. With erratic grain crops, they need to be assured far into the future that grain supplies will be available for them to expand their livestock herds and meet their domestic consumption targets. Hence, the importance they place on LTAs.

While LTAs are normally counter to the Administration's philosophy of government non-interference and the market, an LTA with the Soviets is not. The Soviets are planners who need to work with the long-term commitments, and this market

has a critical bearing on U.S. export expansion and domestic policy. An LTA also provides for an exchange of information with a country that publishes very little otherwise, and it is a mechanism which effectively deals with the Soviet capability for disrupting the market.

U.S. Foreign Policy Considerations. The U.S. is pursuing, and encouraging its allies to pursue, a general policy of economic restraint with the USSR, based upon fair burden sharing in the West. A government-to-government agreement, especially one perceived as newly-negotiated, that promotes grain exports, could be regarded as an exception to that policy. Nevertheless, the EC, our greatest supporters during the embargo, is now selling more wheat to the USSR than we are. The Canadians are now the largest grain exporters to the USSR and are providing government credit guarantees.

Negotiations with the Soviets could signal an end to one of the President's measures against the USSR in response to the Poland crisis, undercutting the general package of Poland-related sanctions, and implying that the situation there has been resolved and that the U.S. is prepared to adopt a "business as usual" stance. The Soviets could be expected to promote this interpretation.

In the absence of totally satisfactory changes in Poland, resuming negotiations could undermine U.S. credibility on burden sharing and U.S. efforts to induce its allies to exercise restraint in credit and trade arrangements with the USSR.

However, it would be beneficial for the U.S. to maintain and even strengthen one of its few remaining formal links with the Soviet Union, particularly in light of the current difficult state of relations.

U.S. Domestic Considerations. The U.S. farm sector is experiencing serious economic hardships due to over-abundant grain supplies, high interest rates, and a cost/price squeeze. In fact, despite the U.S. preference to expand exports, the situation has become so dire as to necessitate dramatic domestic action to cut production through the payment-in-kind (PIK) program. Further measures might be necessary in the near future if U.S. exports continue to decline and other exporting countries increase their production even more. Our trade with the Soviet Union could be an important factor in determining what these policy decisions will be.

An increase in U.S. exports to the East Bloc alone might be enough to make the difference between chronic surplus and a healthy farm economy in the U.S. in the years ahead. If

our yearly Soviet trade had continued to grow from the 15 million ton pre-embargo level rather than fall to the 6 million tons expected this year, we would have achieved record grain exports and might not have needed production cutbacks.

The Soviets have repeatedly made clear that they orient their purchases to suppliers with whom they have LTAs, and that they consistently overfulfill their LTA commitments with those countries. In recent conversations in Moscow, the Soviets said that when they had a long-term commitment with the U.S., they normally purchased quantities well above their obligation and would likely do so again in the future.

All of our domestic support programs entail substantial budget outlays and lead to increased government interference in agriculture. The negotiation of a new long-term U.S.-USSR grain agreement that guarantees a larger share of the Soviet market for U.S. farmers is virtually the only cost-free, market-oriented step the Administration can take to help the farm community. It is also consistent with the central feature of the Administration's farm policy -- increasing agricultural exports. Farmers regard the U.S.-Soviet grain agreement issue as the litmus test of the Administration's commitment to the agricultural sector.

Background

U.S.-USSR Grain Trade Prior to 1975: An unfavorable climate, poor soil, backward technology, and an extremely inefficient agricultural system make periodic crop failures in the Soviet Union a virtual certainty. As a result, the Soviets have, during the last 20 years, imported increasing amounts of grain to accommodate their domestic needs.

Soviet purchases from the U.S. were relatively modest until 1972, when the prospect of a major crop failure prompted them to buy, over a 2-3 month period, 19 million metric tons mmt of U.S. grain, including one-fourth of the total U.S. wheat crop. The Soviets made their purchases quietly and early, before prices adjusted to the sudden increase in demand. The Soviets also were able to capitalize on USDA's wheat export subsidy program and a recently negotiated credit arrangement. These circumstances, as well as the domestic market disruption caused by the massive grain purchases, led critics to label the U.S. sales as the "great Soviet grain robbery."

The U.S.-USSR Grain Agreement: The summer of 1975 brought new reports of a looming Soviet crop failure. These reports, coupled with the desire to avoid a repeat of the 1972 scenario, prompted the Ford Administration to suspend grains sales to the Soviet Union until an arrangement could be worked out that would prevent Soviet disruption of U.S.

domestic market and guarantee to U.S. farmers a reasonable share of the Soviet market.

The ensuing negotiations with the Soviet Union produced an agreement with the following provisions:

- The Soviets agreed to purchase 6 mmt of U.S. wheat and corn, in approximately equal proportions, during each of the five years covered by the agreement;

- The Soviets were allowed to purchase up to 2 mmt more of U.S. grain during any year without consultations with the U.S.;

- The U.S. agreed not to embargo exports of up to 8 mmt of grain to the Soviet Union;

- The Soviets agreed to consult with the U.S. (to determine a higher supply level) before buying more than 8 mmt of grain in any given year;

- An escape clause was included for the U.S. in the event of a major U.S. supply shortage;

- It was agreed that Soviet purchases must be made at prevailing market prices and in accordance with normal commercial terms.



- The Soviets agreed to ship the grain under the terms of the U.S.-USSR Maritime Agreement;

- The Soviets took on the obligation to space their grain purchases and shipments as evenly as possible over each 12-month period.

During the first 5 years of the agreement, there was greater stability in world grain trade and in Soviet purchasing patterns. The U.S. consistently sold more grain to the Soviet Union than the minimum purchase quantities specified in the agreement (see Appendix). Over this period, Soviet demands for grain increased more rapidly than their production, resulting in a higher level of Soviet grain imports.

The Soviet Grain Embargo of 1980. On January 4, 1980, in response to the Soviet military invasion of Afghanistan, President Carter cancelled contracts for the sale of 13.5 mmt of U.S. corn and wheat to the Soviet Union. The U.S. also denied the Soviets access to an additional 3.5 mmt of grain which had been offered to, but not yet purchased by, the Soviets. Finally, shipments of soybeans, broilers, and some other agricultural products were halted.

The Soviets were able to minimize the effects of the embargo by drawing down their grain stocks and by increasing

grain, soybean, rice, flour, and meat imports from Argentina, Canada, Australia, the European Economic Community, and other minor suppliers.

The Soviets have since entered into new long-term purchasing agreements with Argentina, Brazil, Canada, Hungary, France, and Thailand in an attempt to diversify their sources of supply -- in consequence, U.S. farmers have taken a declining share of the Soviet market.

In April 1981, President Reagan lifted the Soviet grain embargo. This was followed by an agreement in August 1981, to extend the expiring U.S.-USSR grain accord for an additional year, through September 30, 1982. A subsequent exchange of notes extended the agreement to September 30, 1983.

U.S. Sanctions Against the Soviets in the Aftermath of the Polish Declaration of Martial Law. Discussions concerning negotiation of a new U.S.-USSR long-term grain agreement were under way within the Administration when the Polish Government declared a state of martial law in December 1981. When the Soviet Union failed to respond to U.S. urgings to help restore basic human rights in Poland, the President announced a number of sanctions against the Soviets, including postponement of negotiations on a new

grain agreement and suspension of negotiations on a new maritime agreement.

U.S.-SOVIET GRAIN TRADE 1973-1982

	Total USSR Grain Imports (mmt)	US Grain Exports to USSR (mmt)	US Share of Total USSR Grain Imports (%)
FY 1973	22.5	14.1	63
FY 1974	5.7	4.5	79
FY 1975	7.7	3.2	42
FY 1976	25.6	14.9	58
FY 1977	8.4	6.1	73
FY 1978	22.5	14.6	65
FY 1979	19.6	15.3	78
FY 1980	27.0	8.3	31
FY 1981	<del>38.8</del> 39.0	9.5	24
FY 1982 (projected)	<del>45.0</del> 39.0	<del>17.8</del> 13.9	<del>40</del> 36
FY 1983 (projected)	34.0	7.0	21

Parallel Stagnation of Soviet Livestock Industry  
and U.S. Grain Exports

	USSR		USA
	Per Capita Meat Consumption (Kg./Cap.)	Total Grain Used for Feed 1/ (MMT)	Grain Exports 1/ (MMT)
1976	52.8	86.0	78.0
1979	59.3	122.0	89.2
1980	58.7	121.0	108.8
1981	59.7	118.0	114.3
1982	59.4	109.0	110.5

1/ Based on marketing year starting with July of preceding year.

April 6, 1983  
0231G

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TO CLARK FROM HILL ✓

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White House Guidelines, August 28, 1997

By smj NARA, Date 7/23/02

URGENT

KEYWORDS: MEDIA USSR  
POLAND EAST WEST ECONOMICS  
SANCTIONS

SUBJECT: PRESS STATEMENT & GUIDANCE ON US - SOVIET GRAIN AGREEMENT

ACTION: PREPARE MEMO FOR CLARK DUE: 22 APR 83 STATUS S FILES

FOR ACTION

FOR CONCURRENCE

FOR INFO

SIMS

DOBRIANSKY

ROBINSON

MYER

LENCZOWSKI

NAU

STEARMAN

BAILEY

MARTIN

COMMENTS

REF# 8312416

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Washington, D.C. 20520



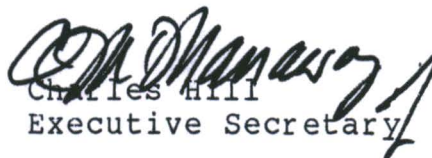
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April 22, 1983

MEMORANDUM FOR WILLIAM P. CLARK  
THE WHITE HOUSE

SUBJECT: Press Statement and Guidance on the US-Soviet Grain Agreement

Attached is a package on the US-Soviet Grain Agreement including a Press Statement, Press Guidance, a list of Poland-related sanctions, and a background paper on Soviet Grain imports for release by the White House at 5:30 p.m. This package assumes we have received no response from the Soviets on this subject. Should we receive such a response before 5:30 p.m. today, we will be in touch with you immediately.

  
Charles Hill  
Executive Secretary

DECLASSIFIED

Department of State Guidelines, July 21, 1997

By smf NARA, Date 7/23/02

~~SECRET/SENSITIVE~~

DECL: OADR

EMBARGOED UNTIL FURTHER NOTICE

PRESS STATEMENT

April 22, 1983

US-SOVIET LONG-TERM GRAIN AGREEMENT

The United States proposed on April 7 to the USSR negotiation of a new Long-Term Grain Agreement (LTA). The present US-Soviet LTA, which originally covered the 1976-1981 period, was extended last September for a seventh year, through September 30, 1983. Negotiation of a new LTA is consistent with United States agricultural export policy and reflects our commitment to reestablish the US as a reliable supplier. Other key suppliers of grain to the USSR are Argentina, Canada and the European Community. Canada and Argentina also have long-term grain agreements with the USSR.



April 22, 1983

EMBARGOED UNTIL FURTHER NOTICE

US/SOVIET LONG-TERM GRAIN AGREEMENT

Q: How were the Soviets informed?

A: The Soviets were informed here in Washington. They have not yet responded.

Q: When will the talks begin?

A: Once we have an answer from the Soviet government, assuming it is positive, we will initiate our preparations, which we expect will take a few weeks. We will propose to the Soviets a time and place for negotiations.

Q: Who will head our delegation?

A: We don't know.

Q: Have the Allies been informed yet?

A: Yes.

Q: Won't the Soviets get the wrong message?

A: We remain concerned about the USSR's behavior--including its military buildup, its geopolitical expansionism and its record of human rights violations. Our agenda for relations with the Soviets will continue to include human rights, arms control and regional issues as well as bilateral issues like trade. These issues are inter-related. We are not stepping back from our strong policy opposing Soviet misbehavior.

-3-

Q: Isn't this a change in our economic policy towards the USSR?

A: We believe that economic relations with the USSR should not contribute to the Soviet military buildup or strategic capability, and that trade should be conducted in a prudent manner without preferential treatment. At the same time, it is not our intention to conduct "economic warfare" against the USSR. We do support mutually beneficial, non-strategic trade in such areas as grains.

Q: Doesn't this step run counter to everything the President has been saying recently about the Soviet Union?

A: No. He has been saying that in dealing with the USSR we should continue to be strong, realistic and willing to explore ways to improve the relationship. Our decision to negotiate a new LTA should be seen in that context.

Q: Why are we lifting this sanction? Have the Soviets made some gesture on Poland?

A: This step was taken to reaffirm our reliability as a supplier of grain. The sanction postponing LTA negotiations has already made our political point with the Soviets. Continuation is pointless due to the willingness of Canada, France and Argentina to enter into new or expanded arrangements with the USSR in order to increase their sales of grain.

Q: What about the remaining Poland sanctions? What are they and what is their status?

A: Their status remains unchanged. I have a list of the other Poland sanctions if you wish.

Q: Will they be reviewed?

A: We have no such plans.

Q: How much grain did the Soviets buy from us last year? How much grain have they bought this year? What is the current outlook for Soviet grain purchases?

A: The U.S. currently supplies about 20 percent of Soviet grain import needs compared to about 70 percent before the grain embargo. The Soviet purchased about 15 million tons of grain from the U.S. in marketing year 81-82 (a market year runs from July 1 to June 30). So far in marketing year 82-83 they have purchased a little more than 6 million tons of grain. USDA has estimated that the Soviets would import about 34 million tons of grain from all sources in this marketing year, most of which they have already purchased. Nevertheless, we still hope for further Soviet purchases of U.S. grain this marketing year.

Q: Haven't we already given the Soviet adequate delivery assurances?

A: We have laid down a clear policy to establish the US as a reliable grain supplier by announcing stringent conditions for any future embargoes and accepting the agricultural contract sanctity provisions contained in the Durenburger Amendment to the Commodity Futures Trading Commission Act. Our decision to propose negotiation of a new LTA is entirely consistent with that policy.

Q: Won't this step undercut our efforts to reach a new consensus on east-west trade with the Allies?

A: Negotiation of a new LTA in no way contradicts the thrust of the economic policy toward the USSR we are pursuing with the Allies. Our grain sales are on commercial terms and are not made with government-supported credits or guarantees. A new LTA will provide a structure to manage the US-Soviet grain trade and allow us to plan our exports in a prudent fashion. This Administration has never proposed a grain embargo of the USSR; indeed the Allies have also maintained their grain relationship with the USSR.

Q: Was this step taken in retaliation for subsidized EC agricultural sales?

A: This decision was not taken in retaliation for EC agricultural export policy. We remain committed to resolving this difficult question by negotiations.

Q: How long will the new agreement be for, and will it provide for higher minimum Soviet purchases?

A: The answer to these questions of course will be resolved during the negotiations. We don't want to discuss our negotiating strategy now but obviously we hope the agreement will lead to enhanced levels of Soviet purchases of US grain.

Q: Why is this announcement being made now?

A: Moving now will provide time to prepare for and conduct the negotiations before the present agreement expires on September 30.

Q: Will a new Maritime Agreement be negotiated at the same time?

A: Negotiations on a new Maritime Agreement were suspended in December, 1981, following the declaration of martial law in Poland. This situation is unchanged.

Sanctions in Effect Against the USSR  
Announced in December, 1981

1. All Aeroflot service was suspended. After our suspension of Aeroflot service to New York in early 1980, the Soviet airline continued to operate two weekly flights from Moscow to Washington. In 1980 it carried approximately 6000 round-trip passengers. Under the U.S.-Soviet Civil Air Transport Agreement, we are no longer obligated to permit any specific number of flights by Aeroflot.

2. The Soviet Purchasing Commission was closed. The Soviet Purchasing Commission (formerly "Kama River Purchasing Commission") was a Soviet commercial organization operating in New York with a staff ceiling of ten, as of January 1, 1982. It was responsible for placing about one third of the orders for U.S. non-agricultural exports to the Soviet Union.

3. Negotiation of a new U.S.-USSR Maritime Agreement was suspended and a new regime of port-access controls was put into effect for all Soviet ships when the current agreement expired on December 31, 1981. Under the expired agreement, Soviet merchant vessels had access to 40 U.S. ports on the basis of four days' advance notice. Since that agreement expired, the Soviets have been required to request permission at least 14 days in advance for one of their ships to call at a U.S. port. We are making decisions on Soviet requests on a case-by-case basis, but are taking a restrictive stance toward these requests, particularly for ships engaged in "cross trades", i.e. traffic between the United States and third countries. In 1981, Soviet vessels made 149 voyages to the U.S.; last year they made 94 voyages.

4. Licenses are now required for export to the Soviet Union of certain categories of oil and gas equipment. Prior to the December, 1981, imposition of martial law in Poland we required validated licenses for exports to the USSR of oil and gas equipment and technology in the energy exploration and production areas. We had approved a number of licenses to sell such equipment. On November 13, 1982, President Reagan announced the lifting of the ban on the sale of oil and gas transmission and refining equipment and technology he had imposed the previous December, together with the extension of these controls to U.S. overseas subsidiaries and licensees implemented on June 22, 1982. Licenses are still required for export of oil and gas production and exploration equipment and technology.

5. We are maintaining a low level of activity under the remaining bilateral cooperative agreements in various fields of science and technology.

6. The United States continues to follow a "no exceptions" policy in COCOM with respect to exports to the USSR and to Poland which require full COCOM review.

## SOVIET GRAIN IMPORTS

Since the early seventies, the Soviet Union's grain imports have risen dramatically, reaching 46 million tons last year, equivalent to over 20% of world grain imports. Soviet grain purchases are expected to be down significantly this year, to 34 million tons, but the USSR is still the world's largest grain buyer. The USSR grows enough grain to provide a basic diet to the Soviet population, but grain imports are necessary if it is to maintain its livestock sector.

Before the partial grain embargo was imposed in January 1980, the US had a 70% share of the Soviet grain market. As a result of the embargo, that share fell sharply (to an anticipated 20% this year), while other suppliers, notably Argentina and Canada, have increased their grain sales to the USSR many-fold.

The US-Soviet grain agreement, which requires the Soviets to buy 6 million tons of US wheat and corn annually and permits them to buy up to 8 million tons without prior consultations with the USG, was negotiated in 1975 for five years. It has twice been extended for an additional year, and is now due to expire September 30, 1983. Except during the partial grain embargo, the US has not used the agreement to limit Soviet purchases of US grain, but has offered the Soviets access to substantial amounts above 8 million tons. Both last year and this year, the US offered the Soviets access to a total of 23 million tons of US grain, resulting in actual Soviet purchases of 15 million tons in market year (MY) 1981/82 and 6.2 million tons so far in MY 1982/83. Bilateral consultations are held semiannually under the agreement to discuss production and trade prospects. The most recent consultations were held in Moscow in late March.

Also as a result of the embargo, other suppliers have signed new or expanded grain agreements with the USSR, locking in some of their new market share. Argentina's agreement calls for sales of 4 million tons of corn and sorghum annually, but actual shipments have been much higher and there is a tacit Soviet commitment to buy at least 2 million tons of wheat as well. In 1982, Canada announced a new grain agreement under which minimum Soviet purchases increase each year for five years, and France signed a letter of intent to supply increased quantities of agricultural products. The Soviets also have an agreement with Brazil to supply soybeans and corn. Australia is the only one of the major suppliers which does not have a grain agreement with the USSR, but sales of 1 million tons of wheat annually are almost taken for granted.

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USSR Grain Imports  
1980/81, 1981/82, and 1982/83

	Preliminary		Forecast		Forecast			
	1980/81	1980/81	1981/82	1981/82	1982/83		1982/83	
	(Jul/Jun)	(Oct/Sep)	(July/Jun)	(Oct/Sep)	(Jul/Jun)		(Oct/Sep)	
	(-----Million Tons-----)		(-----Million Tons-----)		Old	New	Old	New
	(-----Million Tons-----)		(-----Million Tons-----)		(-----Million Tons-----)			
<b>U.S.</b>								
Wheat	3.0	3.8	6.9	6.1	3.0	3.0	3.0	3.0
Corn	5.0	5.7	8.5	7.8	4.0	3.0	5.0	4.0
Barley	--	--	--	--	--	--	--	--
Subtotal	8.0	9.5	15.4	13.9	7.0	6.0	8.0	7.0
<b>Canada</b>								
Wheat	4.5	3.5	4.8	5.5	7.3	7.5	7.5	7.5
Barley	1.4	2.2	3.0	2.5	2.0	2.0	2.0	2.0
Rye	.3	.4	.5	.5	.2	.2	.2	.2
Corn	.6	.6	.9	.9	.5	.2	.5	.2
Subtotal	6.8	6.7	9.2	9.4	10.0	9.9	10.2	9.9
<b>Australia</b>								
Wheat	2.5	2.1	2.4	2.1	1.0	1.0	1.0	1.0
Barley	.3	.3	.1	--	--	--	--	--
Oats	0	-- 1/	--	1/	--	--	--	--
Sorghum	.1	--	--	--	--	--	--	--
Subtotal	2.9	2.5	2.2	2.1	1.0	1.0	1.0	1.0
<b>Argentina</b>								
Wheat	3.0	3.3	3.1	2.7	3.2	3.5	3.5	3.5
Corn	5.4	7.9	6.9	3.6	4.6	3.0	4.5	3.1
Barley	.1	--	--	--	--	--	--	--
Sorghum	2.7	4.0	3.3	2.8	2.5	3.0	3.0	2.9
Rye	--	-- 1/	1/	-- 1/	--	--	--	--
Oats	-- 1/	-- 1/	1/	-- 1/	--	--	--	--
Subtotal	11.2	15.2	13.3	9.1	10.3	9.5	11.0	9.5
<b>EEC</b>								
Wheat	.9	.8	1.7	1.6	3.0	3.2	3.0	3.2
Barley	.6	.7	.7	.7	--	--	--	--
Subtotal	1.5 2/	1.5 2/	2.4	2.3	3.0	3.2	3.0	3.2
<b>Thailand</b>								
Corn	.3	.3	.3	.3	.4	.2	.4	.2
<b>Sweden</b>								
Wheat	.3	.3	1/	1/	--	--	--	--
Barley	.1	.2	--	--	--	--	--	--
<b>Spain</b>								
Wheat	.7	.7	--	--	.4	.4	.4	.4
Barley	.5	.5	--	--	--	--	--	--
<b>Eastern Europe</b>								
Wheat	1.1	.8	.6	.6	1.0	1.3	1.0	1.3
Barley	.1	.1	.1	.1	.1	.1	.1	.1
Corn	.4	.4	.4	.4	.2	.3	.2	.3
Subtotal	1.6	1.3	1.1	1.1	1.3	1.7	1.3	1.7
<b>Others</b>								
Wheat 3/	--	.2	--	--	.1	.1	.1	.1
Corn	.1	.2	.3	.4	.5	.4	.5	.4
Barley	--	--	.3	.3	.5	.3	.5	.3
Rye	--	--	--	--	--	--	.1	--
Sorghum	--	--	.1	.1	.5	.3	.5	.3
Subtotal	.1	.4	.7	.8	1.6	1.1	1.7	1.1
<b>Total</b>								
Wheat	16.0	15.5	19.5	18.6	19.0	20.0	19.5	20.0
Feedgrains	18.0	23.5	25.5	20.4	16.0	13.0	17.5	14.0
(Corn)	(11.8)	(15.1)	(17.3)	(13.4)	(10.2)	7.1	(12.6)	(8.2)
(Rye)	(.3)	(.4)	(.5)	(.5)	(.2)	(.2)	(.3)	(.2)
(Barley)	(3.1)	(4.0)	(4.3)	(3.6)	(2.6)	2.4	(2.6)	2.4
(Oats)	--	--	--	(--)	(--)	(--)	(--)	(--)
(Sorghum)	(2.8)	(4.0)	(3.4)	(2.9)	3.0	3.3	(3.5)	3.2
Total Grains	34.0	39.0	45.0	39.0	35.0	33.0	37.0	34.0
Rice and Other Grains	.5	.5	1.0	1.0	1.0	1.0	1.0	1.0
Total Grains	34.5	39.3	46.0	40.0	36.0	34.0	38.0	35.0

NOTE: Does not include Soviet purchases of wheat for delivery to Cuba, North Korea, Vietnam, and other possible destinations.

1/ Less than 70,000 tons.

2/ Includes grain equivalents of feed concentrate sales.

3/ July/June 1979/80 includes 40,000 metric tons U.S. wheat expected for shipment on Bangladesh Account in September, 1979 in repayment of wheat borrowed from USSR in 1973 and therefore not countable in fulfillment of Soviet obligations under the US-USSR grains agreement.

Reflects Task Force 8/23/82  
Grain and Feed Division



FASD Imports of Grain by Source 1972/73 - 1980/81  
October/September Years  
(Million Metric Tons)

	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79	1979/80 2/	1980/81 2/
<b>Total</b>									
U.S. 1/ 3/	14.1	4.5	3.2	14.9	6.1	14.6	15.3	8.3	9.5
Canada	4.7	.5	1.1	4.2	1.2	2.7	1.7	4.8	5.1
Australia	.9	.1	1.0	2.1	.4	.2	.6	4.2	2.4
Argentina	.2	.4	1.7	1.4	.2	3.2	1.5	6.2	13.7
EC	1.6	.1	---	.8	---	.2	.2	1.2	1.5
Others	1.0	.1	.7	2.2	.5	1.6	.2	2.3	4.3
<b>Total*</b>	<b>22.5</b>	<b>5.7</b>	<b>7.7</b>	<b>25.6</b>	<b>8.4</b>	<b>22.5</b>	<b>19.6</b>	<b>27.0</b>	<b>36.5</b>
<b>Wheat</b>									
U.S. 1/ 3/	10.1	1.3	2.2	3.0	3.0	3.5	3.8	2.3	3.0
Canada	4.1	0.4	.9	2.8	1.2	2.5	1.2	3.9	2.9
Australia	.9	0.1	.9	1.2	.4	.2	.6	2.8	2.0
Argentina	---	.1	.7	1.1	.1	1.1	.1	2.0	3.0
EC	.5	---	---	---	---	---	---	1.0	1.0
Others	.2	---	---	---	.4	1.0	.1	1.2	2.1
<b>Total*</b>	<b>15.8</b>	<b>1.9</b>	<b>4.6</b>	<b>8.2</b>	<b>5.1</b>	<b>8.4</b>	<b>5.8</b>	<b>13.2</b>	<b>14.0</b>
<b>Coarse Grains</b>									
U.S. 1/ 3/	4.0	3.2	3.0	11.9	3.1	11.1	11.5	6.0	6.5
Canada	.6	.1	.1	1.4	---	.2	.5	.9	2.2
Australia	---	---	.1	.8	---	---	---	1.4	.4
Argentina	.2	.3	1.0	.3	.1	2.1	1.6	4.1	10.7
EC	1.1	.1	---	.8	---	.2	.2	.2	.5
Others	.7	.1	.9	2.2	---	.5	---	1.2	2.2
<b>Total*</b>	<b>6.7</b>	<b>3.8</b>	<b>3.1</b>	<b>17.4</b>	<b>3.3</b>	<b>14.1</b>	<b>13.8</b>	<b>13.8</b>	<b>22.5</b>

--Denotes less than 50,000 tons.

\* Totals may not add due to rounding. Excludes pulses and rice.

1/ Preliminary.

2/ Forecast, based on indicated sales to date and historical levels of exports.

3/ U.S. Exports based upon Export Sales data, which normally includes transshipments whereas Census data may not.

SOURCE: Based on reports of exporting countries to the USSR.

Commodity Programs, FAS, USDA

July 24, 1981

21/DWH5

File - LTA 55  
Grain

THE WHITE HOUSE  
Office of the Press Secretary

For Immediate Release

April 22, 1983

STATEMENT BY THE PRESIDENT

I am today announcing that we have proposed to the Soviet Union the negotiation of a new long-term grain agreement (LTA). We are taking this step to reaffirm our reliability as a supplier of grain. The present U.S.-Soviet long-term agreement, which originally covered the 1976-1981 period, was extended last September for a single year, through September 30, 1983. Negotiation of a new long-term agreement is consistent with United States agricultural export policy and reflects our commitment to reestablish the U.S. as a reliable supplier. Assuming the Soviets accept this proposal, these negotiations will be conducted by the U.S. Trade Representative in close coordination with the Secretary of Agriculture and the Secretary of State.

# # #

NSC/S PROFILE

~~SECRET/SENSITIVE~~

File - East-West Trade  
grain ID 8302767 56

RECEIVED 22 APR 83 16

DOCDATE 22 APR 83

TO CLARK FROM HILL

**URGENT**

DECLASSIFIED  
White House Guidelines, August 28, 1997  
By smf NARA, Date 7/23/02

KEYWORDS: MEDIA USSR  
POLAND EAST WEST ECONOMICS  
SANCTIONS

SUBJECT: PRESS STATEMENT & GUIDANCE ON US - SOVIET GRAIN AGREEMENT

ACTION: PREPARE MEMO FOR CLARK DUE: 22 APR 83 STATUS S FILES

FOR ACTION	FOR CONCURRENCE	FOR INFO
SIMS	DOBRIANSKY	MYER
	<u>LENCZOWSKI</u>	STEARMAN
	BAILEY	
	ROBINSON	
	NAU	
	MARTIN	

COMMENTS

REF# 8312416 LOG NSCIFID ( H / )

ACTION OFFICER (S)	ASSIGNED	ACTION REQUIRED	DUE	COPIES TO

DISPATCH \_\_\_\_\_ W/ATTCH FILE \_\_\_\_\_ (C)