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Collection: Danzansky, Stephen I.: Files
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WITHDRAWAL SHEET

Ronald Reagan Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
13. memo	from D. Laux to J. Poindexter re: analysis of impact of potential EEP sales of US grain to USSR and China on Australia (2pp)	7/26/86	P-1
14. report	Australia politics of wheat exports to the Soviet Union and China (6pp)	7/25/86	P-1
15. cable	from Am. Embassy Ottawa to Sec. of State re: official-informal (1p)	7/26/86	P-1, P-5 4
16. memo	from S. Danzansky to J. Poindexter re: meeting of Ad Hoc Group on Agricultural Policy (3pp)	7/25/86	P-1, P-5 5
17. talking points	(7pp)	n.d.	P-1, P-5
18. memo	from Danzansky/Farra to Poindexter re: meeting of the Ad Hoc Group on Agricultural Exports (1p)	7/24/86	P-1
19. memo	from Poindexter and Alfred Kingon to the President re: meeting of the Ad Hoc Group on Agricultural Policy (2pp)	n.d.	P-1
20. memo	from Ad Hoc Group on Agricultural Policy to the President re: agricultural exports (6pp)	7/25/86	P-1
21. agenda	Ad Hoc Group on Agricultural Policy, Monday, July 28 (1p)	n.d.	P-1
22. copy	of item # 16 (3pp)	7/25/86	P-1, P-5
23. copy	of item # 17 (7pp)	n.d.	P-1, P-5
COLLECTION: DANZANSKY, STEPHEN I.: Files			db
FILE FOLDER: Soviet Union (Grain) ^(5 of 11) [4 of 8] RAC Box 12 Box 91819			12/5/94

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P-1 National security classified information [(a)(1) of the PRA].
- P-2 Relating to appointment to Federal office [(a)(2) of the PRA].
- P-3 Release would violate a Federal statute [(a)(3) of the PRA].
- P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA].
- P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA].
- P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA].

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

- F-2 Release could disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA].
- F-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA].
- F-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA].
- F-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.

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THIS FORM MARKS THE FILE LOCATION OF ITEM NUMBER 16 & 17 LISTED ON THE
WITHDRAWAL SHEET AT THE FRONT OF THIS FOLDER.

THE SECRETARY OF STATE
WASHINGTON

July 24, 1986

MEMORANDUM FOR: The President

From: George P. Shultz *GPS*

Dole Amendment on Subsidized Grain Sales to Soviets. Bob Hawke called me early this morning to make an impassioned plea that you prevent this amendment from taking effect. Bob said reports that Australia might defer the August ANZUS meetings in San Francisco were totally false, but that, in his view, "the very foundations of our bilateral relationship are being shaken by this move." He made three points: economic, political, and regional.

1. Australia calculates that our Farm Bill will cost its farmers A\$600 million next year but took some consolation in the bill's targeting features. Now Dole has ended targeting. This will mean a direct revenue loss to Australia of A\$470 million (or US\$20 a ton on wheat sales worldwide). A\$190 million of this will be lost in sales to the USSR and China alone. This is one-third of all Australian wheat exports and 3 percent of total exports. Taken together it means over A\$1 billion lost -- a "body blow" to a small country of 16 million people.
2. The U.S. has been the leader in preventing subsidies to communist regimes and in compelling the Communists to recognize market realities. It is "hardly credible" that the U.S. would now subsidize these regimes at the expense of Australian farmers, who are among the most efficient in the world, especially when the President himself has said that in such matters the U.S. "should take account of the interests of Australia."
3. Australia has taken the lead in the region to prevent Soviet expansion into the South and Western Pacific. Today the Papua New Guinea Prime Minister called in the Australian High Commissioner to take Australia to task for doing so because, as he said, Vanuatu, Kiribati and Fiji have an "economic imperative" to open themselves to the Soviets. In two weeks, Hawke said, he will be at the South Pacific Forum where he will be told "Don't give us this stuff about Soviet expansion -- the U.S. itself has an economic imperative to subsidize the Soviet Union massively." The consequence, Bob said, will be that his government's efforts to stop Soviet encroachment and strengthen regional stability will be undermined. And pressures will mount for Australia to give economic concessions to Moscow too.

Bob said he is under fire not just from the left wing of the Labor Party but from people -- the Australian farmers -- who are "conservatives by nature." They are on TV saying "play the bases card." He concluded by saying "I can only plead with you to make the strongest effort with the President to turn this around."

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THIS FORM MARKS THE FILE LOCATION OF ITEM NUMBER 19-21 LISTED ON THE
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LIST OF PARTICIPANTS

The President

The Secretary of State

The Secretary of the Treasury

The Secretary of Defense

The Secretary of Agriculture

The Secretary of Commerce

The Secretary of Labor

The Director, Office of Management and Budget

The Director, Central Intelligence Agency

United States Trade Representative

Chief of Staff to the President

Assistant to the President for National
Security Affairs

Chairman, Council of Economic Advisers

Assistant to the President and Secretary
of the Cabinet

Special Assistant to the President and Senior
Director of International Economic Affairs

Special Assistant to the President and Executive
Secretary of the Economic Policy Council

Grain (4 of 8)
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THIS FORM MARKS THE FILE LOCATION OF ITEM NUMBER 22#23 LISTED ON THE
WITHDRAWAL SHEET AT THE FRONT OF THIS FOLDER.

THE SECRETARY OF STATE
WASHINGTON

July 24, 1986

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1. Australia calculates that our Farm Bill will cost its farmers A\$600 million next year but took some consolation in the bill's targeting features. Now Dole has ended targeting. This will mean a direct revenue loss to Australia of A\$470 million (or US\$20 a ton on wheat sales worldwide). A\$190 million of this will be lost in sales to the USSR and China alone. This is one-third of all Australian wheat exports and 3 percent of total exports. Taken together it means over A\$1 billion lost -- a "body blow" to a small country of 16 million people. *Present Farm Bill*
2. The U.S. has been the leader in preventing subsidies to communist regimes and in compelling the Communists to recognize market realities. It is "hardly credible" that the U.S. would now subsidize these regimes at the expense of Australian farmers, who are among the most efficient in the world, especially when the President himself has said that in such matters the U.S. "should take account of the interests of Australia." *Target - \$470 mil*
3. Australia has taken the lead in the region to prevent Soviet expansion into the South and Western Pacific. Today the Papua New Guinea Prime Minister called in the Australian High Commissioner to take Australia to task for doing so because, as he said, Vanuatu, Kiribati and Fiji have an "economic imperative" to open themselves to the Soviets. In two weeks, Hawke said, he will be at the South Pacific Forum where he will be told "Don't give us this stuff about Soviet expansion -- the U.S. itself has an economic imperative to subsidize the Soviet Union massively." The consequence, Bob said, will be that his government's efforts to stop Soviet encroachment and strengthen regional stability will be undermined. And pressures will mount for Australia to give economic concessions to Moscow too.

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The Director, Office of Management and Budget ✓
The Director, Central Intelligence Agency ✓
United States Trade Representative X
Chief of Staff to the President
Assistant to the President for National Security Affairs ✓
Chairman, Council of Economic Advisers ✓
Assistant to the President and Secretary of the Cabinet
Special Assistant to the President and Senior Director of International Economic Affairs
Special Assistant to the President and Executive Secretary of the Economic Policy Council