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PRESIDENT REAGAN ON GRAIN SALES TO THE USSR

1. THE PRESIDENT SPOKE TO THE NATIONAL CORN GROWERS' ASSOCIATION IN IOWA YESTERDAY (COPY OF TEXT BY BAG). WHILE MUCH OF THE SPEECH WAS DEVOTED TO MASSAGING THE FARM VOTE IN THE MID-WESTERN STATES, THERE WERE A NUMBER OF REFERENCES TO HIS ATTITUDE TOWARDS GRAIN SALES TO THE SOVIET UNION, AND COMMENTS ABOUT THE AMERICAN CHALLENGE TO FOREIGN GOVERNMENTS USING SUBSIDIES TO ASSIST THEIR AGRICULTURAL EXPORTS.
2. PRESIDENT REAGAN SAID THAT THE EFFECTS OF THE CARTER GRAIN EMBARGO WERE STILL HANGING OVER THE MARKETS. THE US HAD ENJOYED 70 PER CENT OF THE SOVIET MARKET BEFORE THE EMBARGO; THIS FIGURE FELL TO 25 PER CENT DURING THE EMBARGO, WHILE AMERICA'S COMPETITORS QUOTE TOOK ADVANTAGE OF THE MARKET WHICH THE LAST ADMINISTRATION HAD THROWN AWAY UNQUOTE. AFTER LIFTING THE EMBARGO, THE US HAD OFFERED THE SOVIETS AN ADDITIONAL 15 MILLION METRIC TONNES. HOWEVER, DEVELOPMENTS IN POLAND HAD SET BACK US EFFORTS, ON BEHALF OF FARMERS, TO NEGOTIATE A NEW LONG-TERM GRAIN AGREEMENT WITH THE USSR. THE US HAD THEREFORE HAD NO CHOICE BUT TO IMPOSE A NUMBER OF SANCTIONS AGAINST THE SOVIETS AND THE POLES INCLUDING POSTPONEMENT OF NEGOTIATIONS ON A NEW LONG TERM AGREEMENT.
3. WHILE THE PRESIDENT ADMITTED THAT THERE WAS STILL NO CAUSE TO CELEBRATE IN POLAND, HE WAS QUOTE SOMEWHAT ENCOURAGED UNQUOTE BY INDICATIONS OF A RELAXATION OF MARTIAL LAW. THE US WOULD CONTINUE TO WATCH DEVELOPMENTS, AND IN THE MEANTIME THE ADMINISTRATION WOULD BE EXPLORING A ONE-YEAR EXTENSION OF THE CURRENT GRAIN AGREEMENT. THE PRESIDENT SAID THAT HE HAD ALSO AUTHORISED THE SECRETARY OF AGRICULTURE TO CONSULT WITH THE SOVIETS ON THE SUBJECT OF ADDITIONAL GRAIN PURCHASES BEYOND THE MINIMUM PURCHASE REQUIREMENTS OF THE CURRENT AGREEMENT.
4. THE PRESIDENT SAID THAT THE EXTENSION WOULD HAVE THE QUOTE SANCTITY OF A CONTRACT, ENSURING US FARMERS' ACCESS TO THE SOVIET MARKET UNQUOTE. THE PRESIDENT (THE PIPELINE NOTWITHSTANDING) NOTED WITH APPROVAL GOVERNOR THONE'S (NEBRASKA) COMMENT THAT QUOTE THERE MUST BE NO QUESTION ABOUT OUR RESPECT FOR CONTRACTS UNQUOTE. THE INDICATIONS, HE SAID, WERE THAT THE US WOULD SELL A QUOTE RECORD VOLUME UNQUOTE OF GRAIN TO THE USSR THIS YEAR. LARGE EXPORTS WERE ALSO EXPECTED DURING THE EXTENDED YEAR OF THE AGREEMENT. QUOTE THE GRANARY DOOR IS OPEN AND THE EXCHANGE WILL BE CASH-ON-THE-BARREL-HEAD UNQUOTE.

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5. THE PRESIDENT REITERATED THAT FARM EXPORTS WOULD NOT BE SINGLED OUT AS AN INSTRUMENT OF FOREIGN POLICY, AND WOULD BE USED ONLY AS PART OF A TRADE EMBARGO IF THAT EMBARGO WERE BROAD AND SUPPORTED BY OTHER NATIONS ACROSS THE BOARD. (THE PRESIDENT, BEFORE DELIVERING THE SPEECH, DELETED A PASSAGE IN THE PREPARED TEXT WHICH SAID THAT QUOTE THIS ADMINISTRATION DOES NOT HAVE, NOR WILL WE HAVE, A GRAIN EMBARGO AGAINST THE SOVIET UNION UNQUOTE. BAKER WHITE HOUSE CHIEF OF STAFF, SAID THAT SO CATEGORICAL A STATEMENT WAS INNAPPROPRIATE).

6. ON FOREIGN GOVERNMENTS' AGRICULTURAL POLICES, THE PRESIDENT SAID THAT THE ADMINISTRATION WERE VIGOROUSLY CHALLENGING THE USE OF EXPORT SUBSIDIES IN AGRICULTURAL AREAS. THE ADMINISTRATION WAS UNITED IN THIS EFFORT TO SPEAK OUT AGAINST UNFAIR TRADE PRACTICES. AT THE GATT MINISTERIAL MEETING, THE US WOULD PROPOSE BRINGING AGRICULTURE UNDER THE LIBERALISING INFLUENCE OF GATT. THE PRESIDENT SAID HE WAS COMMITTED TO MORE OPEN AGRICULTURAL MARKETS IN ALL COUNTRIES. HE CHALLENGED OTHERS - PARTICULARLY IN EUROPE AND JAPAN - TO MATCH THIS COMMITMENT.

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