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PRESIDENT REAGAN ON GRAIN SALES TO USSR

1. THE PRESIDENT TOOK TO BREAKFAST RADIO NETWORKS IN THE MID-WEST THIS MORNING TO ANNOUNCE THAT US REPRESENTATIVES AT THE 28-29 OCTOBER CONSULTATIONS WITH THE RUSSIANS IN VIENNA WOULD BE AUTHORISED TO OFFER AN ADDITIONAL 15 MILLION TONNES OF GRAIN ABOVE THE 8 MILLION ALREADY GUARANTEED. THE TOTAL OF 23 MILLION TONNES OFFERED WILL BE THE SAME AS IN THE LAST FISCAL YEAR WHEN, DESPITE THE ADMINISTRATION'S PREDICTIONS OF RECORD SALES, THE RUSSIANS BOUGHT ONLY 14 MILLIONS TONNES. THERE IS WIDESPREAD SCEPTICISM HERE ABOUT SECRETARY OF AGRICULTURE BLOCK'S PREDICTION THAT THE USSR WILL BUY UP TO 20 MILLION TONNES IN THE CURRENT FISCAL YEAR.

2. APART FROM CONTAINING THE EXPECTED ANNOUNCEMENT OF ADDITIONAL SALES AUTHORISATION, THE PRESIDENT'S SPEECH WAS LARGELY A REHASH OF HIS 3 AUGUST SPEECH IN IOWA TO THE NATIONAL CORN GROWERS' ASSOCIATION, ANNOUNCING THE FURTHER ONE YEAR EXTENSION OF THE US-USSR GRAIN AGREEMENT. HIS PRINCIPAL THEME WAS THE NEED FOR THE US TO RESTORE ITS REPUTATION AS QUOTE A RELIABLE SUPPLIER UNQUOTE AND REGAIN ITS SHARE OF THE USSR MARKET WHICH HAD BEEN THROWN AWAY AS A RESULT OF THE CARTER EMBARGO. IF THE SOVIETS WERE WILLING TO CONTRACT FOR THE ADDITIONAL QUANTITIES IN NOVEMBER AND THESE WERE SHIPPED WITHIN 180 DAYS FROM THE DATE OF THE CONTRACT THE US WOULD, THE PRESIDENT PROMISED, QUOTE EXTEND TO THEM....THE SAME ASSURANCES OF RELIABLE DELIVERY THAT THE 8 MILLION METRIC TONS ARE AFFORDED UNDER ARTICLE II OF THE AGREEMENT. UNQUOTE.

3. THOUGH THE PRESIDENT DID NOT MENTION SANCTITY OF CONTRACT NOR OVERTLY REFER TO ANY DISTINCTION BETWEEN SALES OF GRAIN AND PIPELINE TECHNOLOGY TO THE SOVIETS HE DID SAY-IN AN ATTEMPT TO MEET ANTICIPATED CRITICISM QUOTE THAT BY OFFERING TO SELL THE SOVIETS MORE GAIN WE ARE SENDING A WEAK SIGNAL UNQUOTE - QUOTE THAT'S WRONG - WE'RE ASKING THE SOVIETS TO GIVE US CASH ON THE LINE FOR THE FOOD THEY BUY. WE'RE NOT PROVIDING THEM WITH ANY SUBSIDIES OR PUMPING ANY WESTERN CURRENCIES INTO SOVIET POCKETS UNQUOTE. IN AN INDIRECT REFERENCE TO THE CARTER ADMINISTRATION, HE WENT ON: QUOTE IT'S ALWAYS SEEMED IRONIC TO ME THAT MANY PEOPLE WHO ARE SO QUICK TO SACRIFICE THE INTERESTS OF FARMERS IN AN EFFORT TO SEEM TOUGH ARE UNWILLING TO DO THE REAL THINGS WE NEED TO SEND A SIGNAL OF NATIONAL WILL AND STRENGTH UNQUOTE. THE TWO GRAIN EMBARGOES HAD COINCIDED WITH REDUCED COMMITMENT TO A STRONG NATIONAL DEFENCE. QUOTE WE'RE NOT MAKING THAT MISTAKE IN 1982 UNQUOTE, SAID THE PRESIDENT. QUOTE WE HAVE OUR PRIORITIES STRAIGHT. UNQUOTE

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4. IN WHAT MAY BE AN IMPLICIT REFERENCE TO THE POSSIBLE INTRODUCTION OF EXPORT SUBSIDIES IF THE US DOES NOT GET SATISFACTION ON AGRICULTURE IN THE GATT MINISTERIAL, THE PRESIDENT ALSO SAID, THAT THE ADMINISTRATION WAS UNITED IN SPEAKING OUT AND ACTING AGAINST QUOTE THE UNFAIR TRADE PRACTICES OF OUR COMPETITORS ABROAD UNQUOTE AND WAS CHALLENGING OTHERS IN NEGOTIATIONS, QUOTE PARTICULARLY OUR FRIENDS IN EUROPE AND JAPAN UNQUOTE TO MATCH US COMMITMENT TO QUOTE MORE OPEN AGRICULTURAL MARKETS..IF THEY'RE NOT WILLING TO PLAY BY THE RULES OF THE GAME...WE MUST AND WE WILL COUNTER WITH STRONG MEASURES OF OUR OWN TO PERMIT AMERICAN FARMERS TO REALIZE THE BENEFITS OF THEIR EXTRAORDINARY PRODUCTIVITY. UNQUOTE

5. THE PRESIDENT'S SPEECH IS MADE AGAINST A BACKGROUND OF DECLINING US AGRICULTURAL EXPORTS (BOTH BY VOLUME AND VALUE) AND DEPRESSED FARM INCOMES COUPLED WITH RECORD HARVESTS AND GAIN STOCKS. REPUBLICAN CANDIDATES IN A NUMBER OF MID-WEST GUBERNATORIAL AND HOUSE ELECTIONS ARE IN DIFFICULTIES AND USDA HAVE COME UNDER STRONG PRESSURE TO ANNOUNCE MEASURES FOR EXPORT STIMULATION. THE STATE DEPARTMENT EMPHASIZE THAT THERE HAS BEEN NO CHANGE IN THE TERMS OF THE GRAIN AGREEMENT. PRIVATELY THEY EXPECT SOVIET PURCHASES TO BE CLOSER TO LAST YEAR'S LEVEL (14 MILLION TONNES) THAN TO BLOCK'S PREDICTIONS.

6. TEXT OF SPEECH TOGETHER WITH A LESS THAN USUALLY OBJECTIVE FACT SHEET FOLLOWS BY BAG (TO TRED).

FCO PASS SAVING:

ATHENS, BRUSSELS, COPENHAGEN, DUBLIN, LUXEMBOURG, ROME, THE HAGUE, OTTAWA.

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