

The original documents are located in Box 15, folder “Grain Exports” of the James M. Cannon Files at the Gerald R. Ford Presidential Library.

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REQUESTSTATEMENT ON GRAIN EXPORT POLICY

The United States is committed to a policy of full agricultural production and the maintenance of open markets. A policy of full production maximizes both the efficient use of our agricultural resources and our capacity to meet domestic and foreign food needs. An important element of our policy of full production is our support for unfettered access to foreign markets for our agricultural products.

It is useful to clarify the objectives and nature of two types of arrangements on sales of U.S. grain to some foreign countries.

First, the long-term grain agreement recently concluded with the Soviet Union requires the Soviets to purchase 6 million tons of grain annually for the next five years and permits them to purchase an additional 2 million tons of grain annually without consultation with the U.S. Government. The agreement was negotiated to deal with an exceptional problem, namely the erratic and greatly varying purchases of a state trading monopoly undertaken without advance notification. Soviet grain purchases severely disrupted the U.S. market in the past, causing uncertainty for farmers, domestic consumers, and other foreign buyers. No other buyers have caused such disruption to international markets as have the Soviets. There is, therefore, no need to conclude similar long-term agreements with other foreign purchasers.

Under the terms of the US/USSR grain agreement, the Soviet annual purchase commitment is well within the supply capability of the United States. Several important benefits accrue to U.S. farmers and consumers. Consistent annual grain deliveries to the USSR will result in greater stability of U.S. grain supply for domestic use and exports, enabling the U.S. to continue as a reliable supplier of its regular customers. Farmers will be able to plant with the knowledge of an assured Soviet market rather than face the uncertainty of wide fluctuations in Soviet demand.

Secondly, the United States has undertaken informal understandings on grain with a few countries--Japan, Rumania, and Iran. These understandings are fundamentally different from the Soviet agreement in that they do not include any purchase requirements or supply guarantees. These are "best endeavor" understandings in which the importing country expresses its purchase intentions and the United States indicates that under normal conditions the grain should be available.

The Administration does not intend to negotiate any other agreements similar to the US/USSR grain agreement, which was designed to deal with a unique situation. Informal understandings with other countries are not finding and will not interfere with orderly and open market operations.



11/25/75

THE WHITE HOUSE

WASHINGTON

March 1, 1976

MEMORANDUM FOR:

BILL GOROC *JMC*

FROM:

JIM CANNON

Do you have a summary of the President's position on grain?

Governor Bennett of Kansas has talked with me about this. If you have a statement prepared on our position on this, I would like very much to have it.

Thank you.



M. Cannon

UNDER SECRETARY OF STATE
FOR ECONOMIC AFFAIRS
WASHINGTON

March 23, 1976

Dear Earl:

Upon my return March 12 from Paris, I noted the statements attributed to Dick Bell, in several newspaper reports last week concerning the level of purchases of US wheat and corn to which we have agreed with the Soviet Union. These reports are significantly different from the understanding I reached with senior Soviet officials in October. I am particularly concerned by reports that the Soviet Government has been informed that it may purchase four million tons of 1976 US crop wheat for shipment prior to the October 1 effective date of the US-USSR grain trade agreement.



Acting on the guidance agreed upon in Washington, I reached an understanding at the conclusion of negotiations in Moscow that the USSR could purchase, without additional consultation, up to 7 million tons of US wheat and corn for shipment prior to the agreement becoming effective on October 1, 1976. Of course, additional amounts could be purchased subsequent to further understandings reached in the course of consultations, just as in the case with the 8 million ton trigger in the grain agreement.

Given this understanding, I assume that any consideration given to expanding U.S. grain sales to the USSR beyond 7 million MT for shipment prior to October 1, 1976 and any consultations with the USSR on this and all other matters related to the US-USSR grain agreement will be taken up by the Agriculture Policy Committee.

The Honorable
Earl L. Butz,
Secretary of Agriculture.

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I am taking the liberty of sending copies of this letter to the other members of the Committee for their information.

Sincerely,

Clunch

Charles W. Robinson



THE WHITE HOUSE

WASHINGTON

January 28, 1976

MEMORANDUM FOR

BRENT SCOWCROFT

FROM:

JIM CANNON

SUBJECT:

PL 480 Rice Sales



For your information, I have attached a memorandum to the President regarding rice sales under the PL 480 program.

The President indicated in his recent meeting with the Governors of Arkansas, Mississippi and Louisiana that the Administration would expedite the "red tape" involved in these sales.

Your continued assistance in this matter will be most helpful and appreciated.

THE WHITE HOUSE

INFORMATION

WASHINGTON

January 28, 1976

MEMORANDUM FOR

THE PRESIDENT

FROM:

JIM CANNON

SUBJECT:

Secretary Earl Butz Report on
PL 480 Grain Sales

Attached is a report from Secretary Butz summarizing the status of the PL 480 rice sales discussed at your recent meeting with the Governors of Arkansas, Mississippi and Louisiana.

This report was prepared at the suggestion of Paul Leach from my staff, who is working with USDA and the NSC to expedite these rice exports under the PL 480 program.

cc: Brent Scowcroft





DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20250

JAN 19 1976



The President
The White House

Dear Mr. President:

This is a report on followup to your recent meeting with the Governors of Arkansas, Louisiana, and Mississippi who were concerned with prompt development of Title I, P.L. 480 programs for the export of rice. The Interagency Staff Committee (ISC) for P.L. 480 programs, which is chaired by Agriculture, has met to consider ways to speed up development of rice agreements with P.L. 480 recipient countries.

The status of proposed programs is as follows:

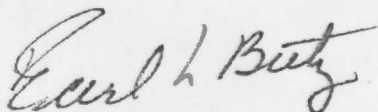
1. Korea: 96,000 MT has been shipped; 52,000 MT is in negotiation by the American Embassy in Seoul; the remaining 52,000 MT is expected to be programed later this month to bring the total to 200,000 MT.
2. India: 200,000 MT has been proposed by Agriculture and approved by all Interagency Staff Committee representatives, except the State Department. State reserved because of foreign policy considerations. The program cannot be further developed until this matter is resolved.
3. Portugal: 50,000 MT has been approved by the ISC. A Presidential Determination under Section 103(d) of P.L. 480 is required before negotiations may be authorized. State is preparing documentation for the Presidential Determination.
4. Zaire: 27,000 MT has been approved by the ISC. A Presidential Determination also is required for this program. State is preparing documentation for the Presidential Determination.
5. Guinea: 10,000 MT has been approved by ISC. Third country consultations are being conducted by State. National Advisory Council (NAC) clearance of financial terms is in progress. Negotiations are expected to be authorized in about ten days.
6. Syria: 35,000 MT has been proposed by Agriculture and approved by ISC. Third country consultations and NAC clearance are underway. A Presidential Determination is required.

The President

2

7. Bangladesh: 145,000 MT have been shipped against the allocation; additional programming is being held up temporarily due to a shortage of storage in Bangladesh resulting from a record rice crop and food aid imports. Another 100,000 MT to complete the allocation is expected to be approved within six weeks, after the Embassy has reported within the next 30 days on the ability of Bangladesh to receive and distribute additional rice in the May-July period.

Respectfully,



EARL L. BUTZ
Secretary



APRIL 10, 1976

OFFICE OF THE WHITE HOUSE PRESS SECRETARY
(El Paso, Texas)

THE WHITE HOUSE

REMARKS OF THE PRESIDENT
AND
QUESTION AND ANSWER SESSION
AT THE
TEXAS GRAIN AND FEED ASSOCIATION
ANNUAL CONVENTION

EL PASO CIVIC CENTER



It is absolutely essential that we maintain the confidence of our export grain customers who buy such a large percentage of America's farm production. But we must not, we cannot do it by turning over more of your business to a Government bureaucracy in Washington, D. C.

I strongly oppose, and I want to be emphatic and affirmative in this regard. I strongly oppose the so-called "Humphrey-Clarke Bill", which would federalize the U. S. grain inspection service.

I favor instead an approach which provides for more careful Federal supervision of grading and weighing our grain for export.

However, I do not believe that it is appropriate or necessary to extend this limited Federal participation to interior points.

Private concerns have for years operated country elevators in weighing and inspection services all across our great union. The abuses which have been exposed do not implicate the internal operations at all, and I see no reason whatsoever to replace private interests with Government controls.

Furthermore, the Department of Agriculture has recently proposed broad, sweeping regulations aimed at eliminating conflicts of interest and insuring a more efficient port-side grain inspection system.

I urge Secretary of Agriculture Butz to devote the best and most comprehensive efforts of his department to insure that the grain of American farmers sold abroad is properly certificated and that the integrity of our export efforts is restored to its proper position.

Abuses of the past have impaired our trade credibility and shortchanged the American farmer. We are working hard, and we are working fast to correct these deficiencies, and I hope that Congress does not over-react by federalizing the entire system.

In any event, I propose to put an end to corruption in the grain inspection business, and the sooner the better.

APRIL 10, 1976

OFFICE OF THE WHITE HOUSE PRESS SECRETARY
(El Paso, Texas)

THE WHITE HOUSE

REMARKS OF THE PRESIDENT
AND
QUESTION AND ANSWER SESSION
AT THE
TEXAS GRAIN AND FEED ASSOCIATION
ANNUAL CONVENTION

EL PASO CIVIC CENTER

QUESTION: Mr. President, I would like to ask the question that in view of the fact the United States has one of the most efficient grain inspection systems in the world that has worked well for over 50 years, one of the major concerns of this convention has been the bills now pending in Congress that would drastically change our inspection system.

If we can present sufficient information to you that most of the grain inspectors are doing an honest job of discharging their duties, would you consider a veto of the bills now pending in Congress and recommend to the Congress that they pass legislation that would preserve the free enterprise system of grain inspection with its good check and balance system of Federal supervision and grain grade appeals?

THE PRESIDENT: As I indicated during my prepared remarks, I am completely and totally opposed to the Humphrey-Clarke bill. If that comes down to the Oval Office, the answer is categorically I will veto it. On the other hand, the House Committee on Agriculture has its version, which is a different version than the one that Secretary Butz presented to the Congress on my behalf.

Obviously, if the Congress was wise enough to support the bill that I recommended, I would have to sign it. (Laughter) But, I am not optimistic that they are that smart. (Laughter)

We will certainly listen to your recommendations if and when they get something down there.

THE WHITE HOUSE
WASHINGTON

June 3, 1976

MEMORANDUM FOR: THE PRESIDENT
FROM: JIM CANNON
SUBJECT: Earl Butz Report on
P.L. 480 Rice

Attached at Tab A is a report from Secretary Butz on the P.L. 480 rice program. This indicates that since January, when you met with the Governors of Mississippi, Arkansas, and Louisiana, the Administration's efforts to move 850,000 tons of P.L. 480 rice have been successful.

To make the success of this effort public knowledge, I recommend that you sign the three letters at Tab B, sending the Governors copies of the report from Secretary Butz.

In addition, the following steps will be taken:

1. Max Friedersdorf will deliver copies of the report to the appropriate Committee and Subcommittee chairmen and ranking minority members on the Hill.
2. Ron Nessen will make the report available to the press.
3. Copies of the report will also be sent to other interested Congressional, rice industry and specialty press people.





DEPARTMENT OF AGRICULTURE

OFFICE OF THE SECRETARY

WASHINGTON, D. C. 20250

June 3, 1976



MEMORANDUM FOR THE PRESIDENT

SUBJECT: P.L. 480 Rice

I would like to report on what has happened with the P.L. 480 rice program since you met with the Governors of Mississippi, Louisiana and Arkansas in January and directed the agencies involved with the P.L. 480 rice program to do everything possible to attain our goal of programming 850,000 tons of rice under P.L. 480 during the 1975/76 marketing year.

As a result of excellent cooperation from your staff and the improved Executive Branch coordination made possible through the new Agricultural Policy Committee, I am happy to report that we now expect to meet or perhaps slightly exceed our original goal of 850,000 tons. Whether we exceed the goal will depend ultimately on the quantity shipped to Indonesia before the end of our crop year. We have encountered port congestion in Indonesia in recent days and this may delay part of the final 50,000 tons planned for that country.

I can assure you that American rice growers are grateful for your leadership in this successful effort.

Since early January, we have included a total of 540,000 metric tons of rice in ten new P.L. 480 agreements or amendments to earlier agreements with Korea, Bangladesh, Portugal, Zaire, Indonesia, Syria, Guinea and India.

As of this time, the U.S. Government has programmed the shipment of 832,000 tons of P.L. 480 rice for the 1975/76 marketing year. Only one program remains to be completed -- an amendment to the earlier agreement with Indonesia for an additional 50,000 tons (or a total of 150,000 tons). The attached table summarizes how we may exceed the 850,000 ton goal for the 1975/76 marketing year.

Of the programs concluded, we have issued purchase authorizations for 777,000 tons. Of this total, the recipient countries have purchased 673,000 tons. It is now anticipated that the remaining purchase authorizations should be issued by June 10 and recipient countries should complete the remaining purchases by June 25.

As a result of P.L. 480 programming, our total rice exports in 1975/76 will be the second highest on record despite the loss of the markets in Indochina, which before 1975 took about 20 percent of the total yearly American rice exports.

During this year we have also established a new commercial market for U.S. rice in the Soviet Union. We expect the Soviets to take about 65,000 tons of U.S. rice this year, thereby becoming an important export market for our rice.

As a result of the improved export sales, the carryover stocks of rice from our record 1975 crop will be less than expected. This should enable us to get off to a good start under the new rice legislation which takes effect with this year's crop.

A handwritten signature in cursive script, reading "Earl L. Butz".

EARL L. BUTZ
Secretary

Attachment

Title I Public Law 480
Status of Rice Programing - Fiscal Year 1976
Plus the Transitional Quarter (TQ)
(in thousands of metric tons)

<u>Country</u>	<u>FY 1976 & TQ Allocation</u>	<u>Agreements Signed to Date</u>	<u>Purchases to Date</u>
Bangladesh	240	240	209
Guinea	10	10	10
India	100	100	95
Indonesia	150	100	51
Korea <u>1/</u>	200	200	206
Portugal <u>1/</u>	50	50	51
Syria	50	50	23
Zaire	27	27	28
Subtotal	<u>827</u>	<u>777</u>	<u>673</u>
(Shipments from FY 1975 carried into FY 1976)	55	55	55
Total	<u>882</u>	<u>832</u>	<u>728</u>

1/ Rice for Korea and Portugal is shown as milled rice equivalent of brown rice programed and purchased, at 90 percent extraction rate.

THE WHITE HOUSE
WASHINGTON



Dear Governor Pryor:

Just a short note to follow-up on our meeting at the White House last January on the P.L. 480 rice program.

In January, as you will remember, I directed the agencies involved in the P.L. 480 rice program to do everything possible to obtain our goal of programming 850,000 tons of rice under P.L. 480 during the 1975/76 marketing year. Secretary Butz now reports that as of this time, the U.S. Government has programmed the shipment of 832,000 tons and that he expects that we will achieve or slightly exceed our goal.

I expect that the enclosed report to me from Secretary Butz on this P.L. 480 rice program would be of interest to you.

Sincerely,

The Honorable David Pryor
Governor of Arkansas
Little Rock, Arkansas 72201

THE WHITE HOUSE

WASHINGTON

Dear Cliff:

Just a short note to follow-up on our meeting at the White House last January on the P.L. 480 rice program.

In January, as you will remember, I directed the agencies involved in the P.L. 480 rice program to do everything possible to obtain our goal of programming 850,000 tons of rice under P.L. 480 during the 1975/76 marketing year. Secretary Butz now reports that as of this time, the U.S. Government has programmed the shipment of 832,000 tons and that he expects that we will achieve or slightly exceed our goal.

I expect that the enclosed report to me from Secretary Butz on this P.L. 480 rice program would be of interest to you.

Sincerely,



The Honorable Cliff Finch
Governor of Mississippi
Jackson, Mississippi 39205

THE WHITE HOUSE

WASHINGTON

Dear Governor Edwards:

Just a short note to follow-up on our meeting at the White House last January on the P.L. 480 rice program.

In January, as you will remember, I directed the agencies involved in the P.L. 480 rice program to do everything possible to obtain our goal of programming 850,000 tons of rice under P.L. 480 during the 1975/76 marketing year. Secretary Butz now reports that as of this time, the U.S. Government has programmed the shipment of 832,000 tons and that he expects that we will achieve or slightly exceed our goal.

I expect that the enclosed report to me from Secretary Butz on this P.L. 480 rice program would be of interest to you.

Sincerely,

The Honorable Edwin W. Edwards
Governor of Louisiana
Baton Rouge, Louisiana 70804



THE WHITE HOUSE
WASHINGTON

June 4, 1976

MEMORANDUM FOR:

THE PRESIDENT

FROM:

JIM CANNON *Jin*

SUBJECT:

Requested Charts of Corn,
Wheat and Soybean Prices

Attached at Tab A are the charts of grain and soybean prices you requested.

Also, USDA Assistant Secretary Dick Bell has also sent a short commentary on these charts, which is included at Tab B.



PRICES RECEIVED BY FARMERS



\$PER BU.

CORN

USSR GRAIN
SALES SUSPENSION

3.50

3.00

2.50

2.00

1.50

JAN

APR

JUL

OCT

JAN

APR

JUL

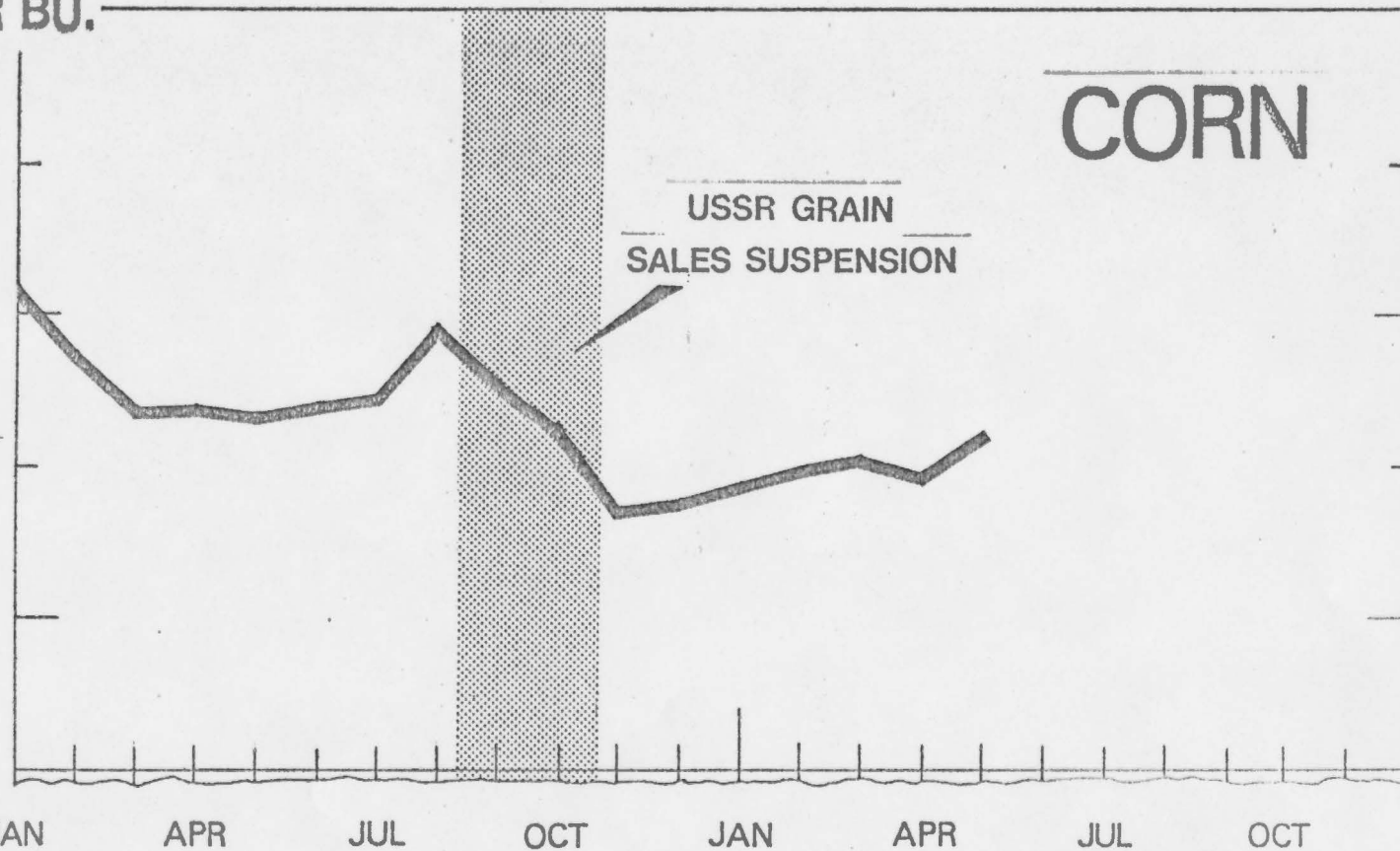
OCT

1975

1976

USDA

ECONOMIC RESEARCH SERVICE

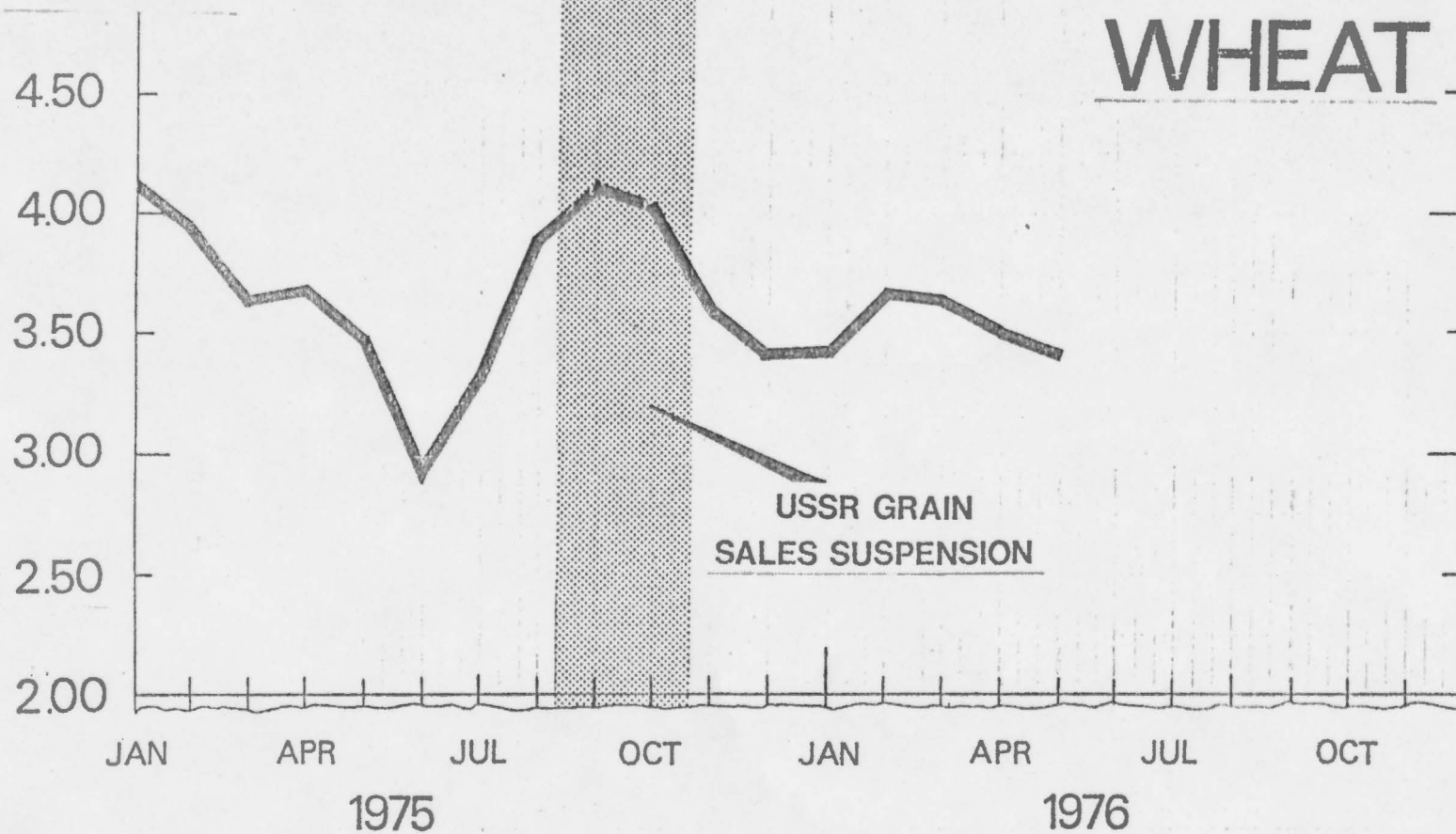


PRICES RECEIVED BY FARMERS



\$PER BU.

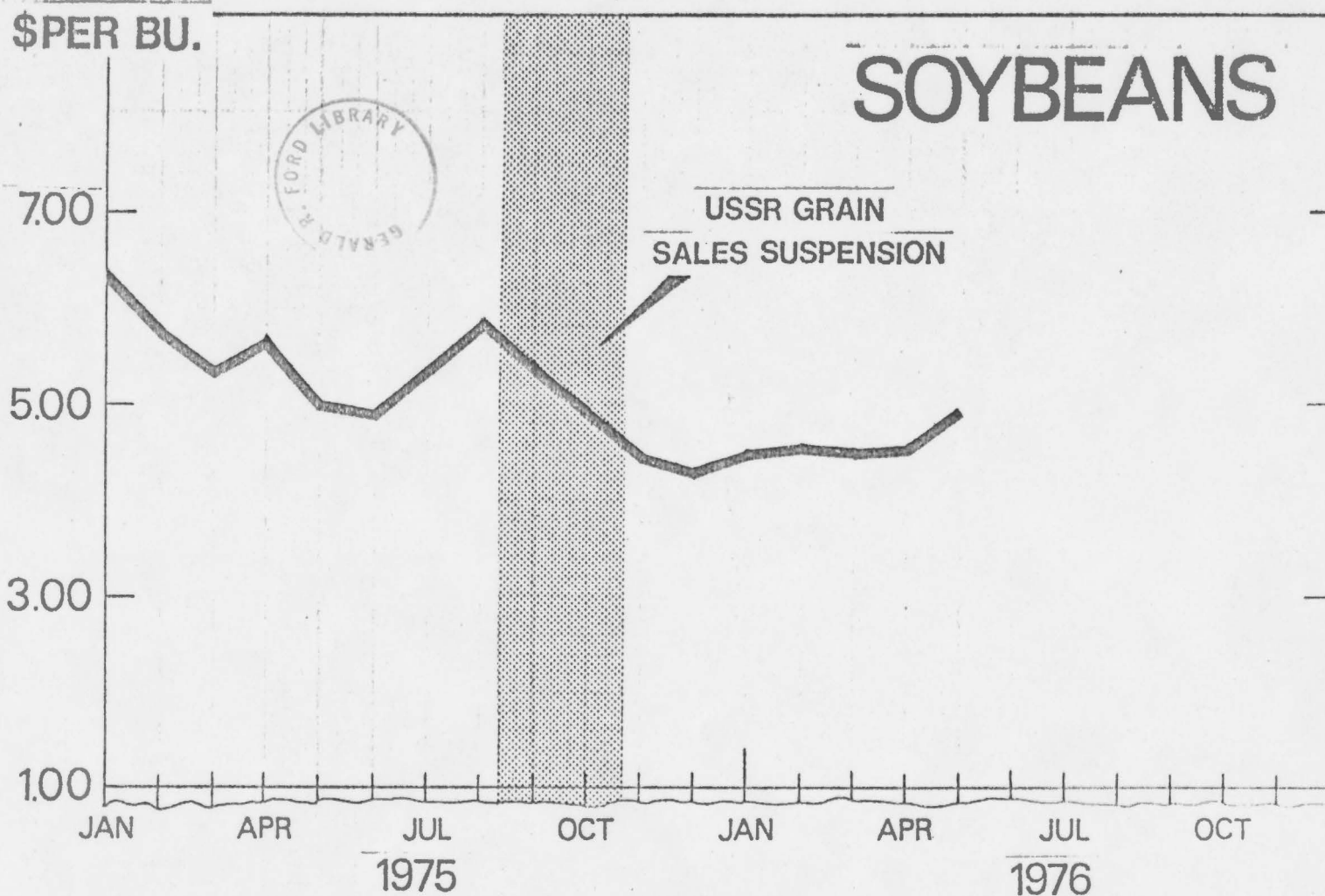
WHEAT



USDA

ECONOMIC RESEARCH SERVICE

PRICES RECEIVED BY FARMERS*



*AVERAGE PRICE RECEIVED BY FARMERS.

USDA

ECONOMIC RESEARCH SERVICE



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20250

June 2, 1976

To: Paul Leach
Associate Director
Domestic Council

Attached are the charts you requested earlier today.

I want to point out there is a seasonal decline in corn and soybean prices which occurs nearly every summer. Corn prices usually decline about 7 percent during the August-November period. The decline was 14 percent in 1975. In the case of soybeans, the decline is usually about 10 percent. In 1975 it was 23 percent. The seasonal decline for wheat is in the spring since the wheat harvest is underway by mid-June in the southern Great Plains.

On July 24, 1975, the USDA first asked exporters to advise the Department before beginning negotiations for new sales of U.S. grain to the USSR. The suspension of sales, however, did not begin technically until after the August 10 crop report was issued. At that time, Secretary Butz asked exporters to suspend further sales to the USSR until the September crop report would be available. The suspension was lifted when the long-term grain agreement with the USSR was signed on October 20.

Rich Bell

Richard E. Bell
Assistant Secretary

Attachments



THE WHITE HOUSE

WASHINGTON

INFORMATION

April 29, 1976

MEMORANDUM FOR: JIM CANNON
FROM: JIM CAVANAUGH
SUBJECT: USSR Grain Sale

Jack Knebel called to report they were announcing a 3.4 million metric ton grain sale to the USSR. The sale is mostly corn, although there is 300,000 metric tons of wheat included.



September 13, 1976

Dear Jack:

This will acknowledge receipt and thank you for the September 8 letter in which you joined with 17 of your colleagues on the House Agriculture Committee to present your views regarding the economic situation of the wheat grower, and to recommend actions which you believe should be taken.

Please be assured your letter will be called promptly to the attention of the President and his agricultural policy advisers. I am certain your views will be carefully studied.

With kind regards,

Sincerely,

Charles Leppert, Jr.
Deputy Assistant
to the President

The Honorable Jack Hightower
House of Representatives
Washington, D.C. 20515

bcc: w/inc to James Cannon for appro. handling
Lbcc: w/inc to Wm. Seidman - FYI
bcc: w/inc to Bob Wolthuis - FYI

CL:JEB:VO:ckb

CC letter sent to each of the 18 co-signers

But - "What about wheat?"
OK.
How do you
get wheat
prices up?
That's what
we keep
hearing from
the Plains.
Jim Cannon
We ought to
talk about
this in issues
group.
JWS
9-15-76



September 13, 1976

Dear Jack:

This will acknowledge receipt and thank you for the September 8 letter in which you joined with 17 of your colleagues on the House Agriculture Committee to present your views regarding the economic situation of the wheat grower, and to recommend actions which you believe should be taken.

Please be assured your letter will be called promptly to the attention of the President and his agricultural policy advisers. I am certain your views will be carefully studied.

With kind regards,

Sincerely,

Charles Lippert, Jr.
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Washington, D.C. 20515

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group.
JEB
9-15-76

Increase the loan
price 1.1
JEB

Wheat

THE WHITE HOUSE
WASHINGTON

9/22/76

1976 SEP 23 AM 8 09

TO JIM CANNON

FROM Bill Seidman



Increase the loan price !!

LWS

(per handwritten note)

But P said NO
Jim
092302
(at 8/22)

THE WHITE HOUSE
WASHINGTON



- 9/15 - Seidman: "We ought to talk about this in issues group."
- 9/16 - Cannon: "OK. But how do you get wheat prices up? That's what we keep hearing from the Plains."
- 9/22 - Seidman: "Increase the loan price."
- 9/27 - Cannon: "President said NO."

*Keep track w/
Leach.*