

THE WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET

ID# 194607

FO 004-02

INCOMING

DATE RECEIVED: NOVEMBER 30, 1990

NAME OF CORRESPONDENT: THE HONORABLE FRED GRANDY

SUBJECT: URGES THE PRESIDENT TO RECONSIDER HIS
POSITION AND EXTEND EXPORT CREDITS TO THE
SOVIET UNION TO PURCHASE U.S. AGRICULTURAL
COMMODITIES

ROUTE TO: OFFICE/AGENCY (STAFF NAME)		ACTION ACT CODE	DATE YY/MM/DD	TYPE RESP	C D	COMPLETED YY/MM/DD
FREDERICK MCCLURE		ORG	90/11/30	Fm A		90/12/03 L
Nsc Sif	REFERRAL NOTE:	R	90/12/06	L		/ /
99 USDA	REFERRAL NOTE:	I	90/12/06	L	C	/ /
99 DOC	REFERRAL NOTE:	I	90/12/06	L	C	/ /
99 DOS	REFERRAL NOTE:	I	90/12/06	L	C	/ /
99 USTR	REFERRAL NOTE:	I	90/12/06	L	C	/ /

COMMENTS: ENCLOSURES

ADDITIONAL CORRESPONDENTS: MEDIA: L INDIVIDUAL CODES: 1240
MAIL USER CODES: (A) (B) (C)

*ACTION CODES:	*DISPOSITION	*OUTGOING	*
*	*	*CORRESPONDENCE:	*
*A-APPROPRIATE ACTION	*A-ANSWERED	*TYPE RESP=INITIALS	*
*C-COMMENT/RECOM	*B-NON-SPEC-REFERRAL	*OF SIGNER	*
*D-DRAFT RESPONSE	*C-COMPLETED	*CODE = A	*
*F-FURNISH FACT SHEET	*S-SUSPENDED	*COMPLETED = DATE OF	*
I-INFO COPY/NO ACT NEC		*OUTGOING	*
*R-DIRECT REPLY W/COPY *			*
*S-FOR-SIGNATURE *			*
*X-INTERIM REPLY *			*

REFER QUESTIONS AND ROUTING UPDATES TO CENTRAL REFERENCE
(ROOM 75, OEOB) EXT-2590
KEEP THIS WORKSHEET ATTACHED TO THE ORIGINAL INCOMING
LETTER AT ALL TIMES AND SEND COMPLETED RECORD TO RECORDS
MANAGEMENT.

December 3, 1990

Dear Fred:

Thank you for your recent letter to the President expressing your support for granting GSM 102 and 103 export credit guarantees to the Soviet Union so it can purchase U.S. agricultural commodities.

We appreciate both being apprised of your support for extending the GSM credits to the Soviet Union and knowing your thoughts regarding a waiver of the Jackson-Vanik Amendment. The President values your counsel, and I have taken the liberty of sharing your comments with his trade and foreign policy advisors so that they, too, are aware of your interest and recommendation.

Thank you again for your interest in writing.

With best regards,

Sincerely,

Frederick D. McClure
Assistant to the President
for Legislative Affairs

The Honorable Fred Grandy
House of Representatives
Washington, D.C. 20515

FDM:SLM:

bcc: w/ copy of inc to NSC - for direct response
bcc: w/ copy of inc to Dept. of Agriculture - FYI
bcc: w/ copy of inc to Dept. of Commerce - FYI
bcc: w/ copy of inc to Dept. of State - FYI
bcc: w/ copy of inc to USTR - FYI

pi
FRED GRANDY

6TH DISTRICT, IOWA

COMMITTEES:

AGRICULTURE

EDUCATION AND LABOR

STANDARDS OF
OFFICIAL CONDUCT



Congress of the United States

House of Representatives

Washington, DC 20515

November 29, 1990

194607
REPLY TO:
418 CANNON BUILDING
WASHINGTON, DC 20515
(202) 225-5476

IOWA DISTRICT OFFICES:
508 PIERCE STREET
SIOUX CITY, IA 51101
(712) 252-5680
211 NORTH DELAWARE
MASON CITY, IA 50401
(515) 424-0233
14 WEST 5TH STREET
SPENCER, IA 51301
(712) 262-6480

Enclosure
The Honorable George Bush
President of the United States
The White House
Washington, D.C. 20500

Dear Mr. President:

The failure of the U.S. government to extend export credits to the Soviet Union to purchase agricultural commodities is seriously damaging cash prices and the morale of America's farmers. This refusal comes at a time when the Soviets desperately need grain, our major trade competitors are providing billions in credits to the Soviets, and as the U.S. completes a bountiful harvest. While the U.S. worries about technicalities and the imminent collapse of the GATT talks, our competitors are stealing a dependable customer from the U.S. as our farmers experience grain prices not seen during even the Carter grain embargo. Failure to move with export credit guarantees (primarily USDA's GSM program) now could endanger U.S. market access for years to come.

I realize that you have consistently stated that for the Soviets to receive such credits, they must codify their emigration laws. In the past this may have been a valid concern. However, at this point, Jews are leaving the Soviet Union at a pace which outstrips other countries' abilities for resettlement. In fact, it appears that some 1,000 Jews are moving from the Soviet Union to Israel per day. The Soviets have also stated that their emigration policies have been relaxed to the point where more Jews are emigrating than the U.S. is willing to accept.

Farmers do not feel we should dictate internal policy matters to other sovereign nations with which we have favorable relations. Farmers have also noted the much improved U.S.-Soviet relationship. The Soviets have taken steps to reform their economic and emigration policies. More needs to be done, but the Soviet leadership appears to be moving in the right direction and they should be rewarded -- especially since less deserving countries continue to receive favored status. It is true that the Soviets are experiencing hard currency shortages. However, they have been a reliable customer in the past and they have an abundance of natural resources which could conceivably be traded for U.S. commodities.

The European Community (EC) and our other agricultural trade competitors have been most willing to provide credits to the Soviet Union. In fact, it has

The Honorable George Bush -- Page 2

been reported that a total of \$11 billion has been extended to the Soviets, money which will not be used to buy U.S. grain, but rather highly subsidized grain from the EC. Canada and Australia have also been reported to have provided significant assistance which will be used to facilitate grain sales. In spite of these offers, a recent fact-finding mission to the Soviet Union discovered that the Soviets are prepared to buy up to 240 million tons of U.S. feed grains if GSM credits are extended. However, without these credits, the Soviets may be unable to meet the minimum requirements of the Longterm (Grain) Trade Agreement.

It has also been widely reported that the U.S. and Western European governments are considering an aid package for the Soviet Union that would include food products. If the U.S. were to provide food aid to the Soviets rather than promote grain sales, the outcry from America's heartland will be deafening and I will be unable to defend such an action.

The failure to waive the Jackson-Vanik provision of the 1974 Trade Act and extend export credit guarantees to the Soviets benefits no one: not our farmers, not their citizens or emigrants, not the GATT negotiations. This will have serious economic and political repercussions. Farmers are tired of having their programs routinely placed at the top of the list of budget items to be cut. Although they expect little from the government, they still are usually disappointed by political decisions which stifle their access to foreign markets.

To illustrate the intensity of feeling this issue has generated, I am enclosing letters I have received from Iowa commodity groups which represent the two most important cash crops in Iowa. I strongly urge you to reconsider your position on this critical issue.

Sincerely,

FRED GRANDY
MEMBER OF CONGRESS

FG/dlf
Enclosures



Iowa Corn Growers Association

November 21, 1990

President George Bush
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear President Bush:

The Iowa Corn Growers Association is deeply concerned that the United States Government has not allowed the grain producers of this country access to the Soviet Union market. Your administration's unwillingness to extend credit guarantees to the Soviet Union for the purpose of purchasing of U.S. commodities can only be interpreted as a de facto embargo.

Members of our association are expressing more and more concern over the use of agricultural commodities as a tool in foreign policy. With the current depressed market prices for our commodity, producers find it very difficult to understand the unwillingness of our government to allow the Soviet Union access to export credit. Equally difficult to understand is the willingness of our competitors to grant such credit. These competitors fully understand the only way to capture a greater portion of the U.S. market share is to extend this credit which will also put the U.S. at a distinct disadvantage in the years ahead. Previous embargoes have clearly shown that the U.S. producer is the one who suffers, not a foreign government who is denied access to our grain bins.

As you are aware, the situation within the Soviet Union is extremely critical both in terms of food shortages and hard currency. Credit is the only means which will allow the Soviet government to secure the needed feed grains and value-added agricultural products it needs to feed its people. As Americans, Iowa corn growers find it unconscionable that our government will not extend the tools and assistance it has made so readily available to others such as Iraq, just to try to force changes in the nations emigration policies.

The issue of extension of credit to purchase U.S. commodities is not legally tied to the emigration policy issue nor Most Favored Nation Status. The Soviets are not asking for a hand-out. They are asking to be included in the same credit program that we offer many of our other foreign customers. Why continue to offer food aid, which your administration is said to be considering, when a customer is requesting the ability to continue making purchases as in the past and has the ability to secure their request for credit with tangible resources such as those the Soviet Union possess?

President George Bush
Page 2

A recent team representing our industry has just returned from the Soviet Union and report the officials they met with want to buy from the United States, but may be forced to make over 240 million bushels of feed grain purchases from the European Community if they are not granted U.S. export credit in the next few weeks. They also report the European Community as well as Canada and France have extended export credit guarantees. The U.S. producer has already lost the equivalent of over 300 million bushels of grain sales to foreign competitors. These lost sales have resulted in continued downward pressure upon commodity prices and only cause more economic pressure upon our producer members. How much more income does your administration expect farmers to sacrifice?

Mr. President, during your visits to Iowa and other midwestern states you have saluted the tremendous productivity of the American farmer and his unequalled ability to feed a hungry world. Our association wants to believe you were sincere in those compliments. Your actions in regards to removing this de facto embargo will determine your sincerity in making sure Iowa and American farmers' production and income will not be used as an international policy tool.

Sincerely,

A handwritten signature in cursive script, reading "Lisle Cook".

Lisle Cook
President
Iowa Corn Growers Association

CC: Iowa Congressional Delegation



IOWA SOYBEAN ASSOCIATION

WEST TOWERS, SUITE 502, 1200 35th STREET, WEST DES MOINES, IA 50265
PHONE (515) 223-1423

November 21, 1990

President George Bush
The White House
Washington, D.C. 20500

Dear President Bush:

On behalf of Iowa soybean producers and Iowa Soybean Association members I am writing to urge you to grant Most Favored Nation status to the Soviet Union. The granting of this status to the Soviet Union is important to all Iowa and United States' soybean producers.

Such action would enable Iowa and United States' soybean farmers to capitalize on the Soviet Union's enormous need for protein to improve the efficiency of its livestock industry, thereby putting meat on its citizens' tables. It is estimated that the Soviets need to increase imports of soybean meal by 3.5 million metric tonnes to achieve the level of feed efficiency they desire.

That market demand will be met by some country, and we believe it should be the United States. We also believe the United States' agricultural economy and the country's economy in general would benefit greatly if our farms produced and exported the soybeans required.

One of the great barriers to such a partnership is the lack of credit programs available for the Soviets to import products from the United States.

The American Soybean Association conducts numerous market development activities in the Soviet Union each year ranging from livestock feeding trials using rations containing soybean meal to technical and management assistance to improve storage and handling facilities for soybean meal. Iowa soybean producers provide almost one-third of the farmer funding for these national efforts. Iowa also has a long history in the development of support and trade relationships with the Soviet Union.



Soybeans

The groundwork has been laid. United States' farmers are ready willing and able to meet the challenge of providing the Soviets' protein requirements. China and Brazil are also currently supplying soybean meal to the Soviet Union. If we are unable to negotiate trade terms with the Soviets, other countries will.

President Gorbachev has pledged to make radical improvements in Soviet Agriculture. The Soviet leader laid out plans for the application of "Perestroika" to agriculture, and a series of economic reforms were implemented.

He calls the improvement of food supplies one of the most important problems which must be dealt with at almost any cost. The Soviet government is committed to improving the low productivity of its livestock industry. With recent large purchases of soybean meal, the Soviets are stepping up protein imports. Soybean meal usage has steadily increased in recent years. Most Favored Nation status would help to give the United States' farmers the edge needed to expand exports and support the domestic price of soybeans and soybean products.

Your support of Most Favored Nation status for the Soviet Union is strongly urged.

Sincerely,

Iowa Soybean Association

Roy Bardole
President

THE WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET

INCOMING

DATE RECEIVED: NOVEMBER 30, 1990

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COMMODITIES

ACTION

DISPOSITION

ROUTE TO:

OFFICE/AGENCY

(STAFF NAME)

ACT

DATE

TYPE

C

COMPLETED

CODE

YY/MM/DD

RESP

D

YY/MM/DD

FREDERICK MCCLURE

ORG

90/11/30

FM A 90/12/03 LJ

REFERRAL NOTE:

NSC 81

R

90/12/06

LJ

C

1/1/

REFERRAL NOTE:

99 USDA

I

90/12/06

LJ

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1/1/

REFERRAL NOTE:

99 DOC

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90/12/06

LJ

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1/1/

REFERRAL NOTE:

99 DOS

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90/12/06

LJ

C

1/1/

REFERRAL NOTE:

99 USTR

I

90/12/06

LJ

C

COMMENTS: ENCLOSURES

ADDITIONAL CORRESPONDENTS:

MEDIA:L

INDIVIDUAL CODES: 1240

MAIL

USER CODES: (A)

(B)

(C)

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 LETTER AT ALL TIMES AND SEND COMPLETED RECORD TO RECORDS
 MANAGEMENT.

9505

THE WHITE HOUSE

WASHINGTON

Dear Congressman Grandy:

Thank you very much for your letter to the President concerning a waiver of the Jackson-Vanik restrictions for the USSR and its impact on American agricultural sales to that country. As the President reviewed this issue during the first part of December, your views and those of many of your colleagues were timely and considered carefully.

As you are aware, the President announced on December 12 that he would waive for the Soviet Union the freedom of emigration provisions contained in the Jackson-Vanik amendment to the 1974 Trade Act. The President made this decision based on the liberal emigration practices of recent years which will permit an estimated 360,000 people to leave the USSR in 1990, and after having received specific assurances from the Soviet government that this policy would continue.

The President acted also to assure access to the Soviet market for American farmers. We intend to make available to the USSR up to \$1 billion in Commodity Credit Corporation (CCC) credit guarantees for the purchase of U.S. agricultural products.

The President does not plan at this time to send the U.S.-Soviet Trade Agreement to the Congress, to seek Most Favored Nation Status for the USSR or the removal of the other legislative restrictions that inhibit U.S.-Soviet trade. We still expect the USSR Supreme Soviet to pass an emigration bill that meets international standards before taking these further steps.

Sincerely,

Brent Scowcroft

The Honorable Fred Grandy
House of Representatives
Washington, D.C. 20515

December 3, 1990

Dear Fred:

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RECEIVED

90 DEC 6 A 8: 41

FRED GRANDY

6TH DISTRICT, IOWA

COMMITTEES:

AGRICULTURE

EDUCATION AND LABOR

STANDARDS OF
OFFICIAL CONDUCT



Congress of the United States

House of Representatives

Washington, DC 20515

November 29, 1990

144607
REPLY TO:

418 CANNON BUILDING
WASHINGTON, DC 20515
(202) 225-5476

IOWA DISTRICT OFFICES:

508 PIERCE STREET
SIOUX CITY, IA 51101
(712) 252-5680

211 NORTH DELAWARE
MASON CITY, IA 50401
(515) 424-0233

14 WEST 5TH STREET
SPENCER, IA 51301
(712) 262-6480

F. M. Bush
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President of the United States
The White House
Washington, D.C. 20500

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FRED GRANDY
MEMBER OF CONGRESS

FG/dlf
Enclosures



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November 21, 1990

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1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

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President George Bush
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Sincerely,

A handwritten signature in cursive script that reads "Lisle Cook". The signature is fluid and elegant, with the first name "Lisle" and last name "Cook" clearly distinguishable.

Lisle Cook
President
Iowa Corn Growers Association

CC: Iowa Congressional Delegation



IOWA SOYBEAN ASSOCIATION

WEST TOWERS, SUITE 502, 1200 35th STREET, WEST DES MOINES, IA 50265
PHONE (515) 223-1423

November 21, 1990

President George Bush
The White House
Washington, D.C. 20500

Dear President Bush:

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That market demand will be met by some country, and we believe it should be the United States. We also believe the United States' agricultural economy and the country's economy in general would benefit greatly if our farms produced and exported the soybeans required.

One of the great barriers to such a partnership is the lack of credit programs available for the Soviets to import products from the United States.

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The groundwork has been laid. United States' farmers are ready willing and able to meet the challenge of providing the Soviets' protein requirements. China and Brazil are also currently supplying soybean meal to the Soviet Union. If we are unable to negotiate trade terms with the Soviets, other countries will.

President Gorbachev has pledged to make radical improvements in Soviet Agriculture. The Soviet leader laid out plans for the application of "Perestroika" to agriculture, and a series of economic reforms were implemented.

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Your support of Most Favored Nation status for the Soviet Union is strongly urged.

Sincerely,

Iowa Soybean Association

Roy Bardole
President

UNCLASSIFIED
NSC/S PROFILE

RECORD ID: 9009574
RECEIVED: 06 DEC 90 11

TO: PRESIDENT

FROM: GRANDY, FRED

DOC DATE: 29 NOV 90
SOURCE REF: 144607

KEYWORDS: EXPORT CREDITS
CO

USSR
FOOD

PERSONS:

SUBJECT: LTR URGES PRES TO RECONSIDER HIS POSITION & EXTEND EXPORT CREDITS TO
SOVIET UNION TO PURCHASE US AGRICULTURAL COMMODITIES

ACTION: SEE 9505 FOR FINAL ACTION

DUE DATE: 10 DEC 90

STATUS: C

STAFF OFFICER: BURNS

LOGREF: 9009416 9009433

FILES: WH

NSCP:

CODES:

D O C U M E N T D I S T R I B U T I O N

FOR ACTION

FOR CONCURRENCE

FOR INFO

COMMENTS: _____

DISPATCHED BY _____ DATE _____ BY HAND W/ATTCH

OPENED BY: NSRCB

CLOSED BY: NSBTM

DOC 1 OF 1

UNCLASSIFIED

UNCLASSIFIED
ACTION DATA SUMMARY REPORT

RECORD ID: 9009574

DOC ACTION OFFICER

001 BURNS
001

CAO ASSIGNED ACTION REQUIRED

Z 90120611 PREPARE MEMO FOR SCOWCROFT
X 90123115 SEE 9505 FOR FINAL ACTION

UNCLASSIFIED

UNCLASSIFIED
NSC/S PROFILE

RECORD ID: 9009574
RECEIVED: 06 DEC 90 11

TO: PRESIDENT

FROM: GRANDY, FRED

DOC DATE: 29 NOV 90
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ACTION: PREPARE MEMO FOR SCOWCROFT DUE DATE: 10 DEC 90 STATUS: S

STAFF OFFICER: BURNS

LOGREF:

FILES: WH NSCP: CODES:

D O C U M E N T D I S T R I B U T I O N

FOR ACTION
BURNS

FOR CONCURRENCE
LAMPLEY

FOR INFO
GATES
GOMPERT
GORDON
PAVITT
ROSTOW
SCOWCROFT

COMMENTS:

answered as phg 9505. nm

DISPATCHED BY _____ DATE _____ BY HAND W/ATTCH

OPENED BY: NSRCB

CLOSED BY:

DOC 1 OF 1

UNCLASSIFIED