



U.S., Russia Sign 3-Year Grain Pact

Secretary of Agriculture Earl L. Butz last week hailed a three-year agreement to sell \$750 million of grain to the Soviet Union as a major achievement in international relations and agricultural trade. "This large purchase will make the Soviet

Union the second largest buyer of U. S. grain, and can open the way for even more meaningful trade between the two countries in the years ahead," Butz said.

"The Russian people want more animal protein in their diets. To get it, they must increase their livestock production beyond the capacity of their farms and climate to provide feed grain," Butz observed. "We have an unequalled ability to raise generous quantities of feed grains in this Nation, and we can assure the Soviet Union of a steady export supply of feedstuffs in the years to come."

The Soviet Union will have the option to meet its purchase commitment with wheat, corn, barley, grain sorghum, rye or oats. The Russian government has agreed to purchase at least \$200 million of these grains during the first year from August 1, 1972 to July 31, 1973, and has made a firm commitment to take delivery on \$750 million of grain over the three-year period.

"This sale contributes to the objective of this administration to create an expanding U. S. agriculture. It comes on top of a history-making Soviet purchase of \$150 million of feed grain last fall and adds to U. S. farm ex-

ports, which have been running at record levels," Butz said. This new sale will increase our grain exports by an average of about 17 per cent annually over the next three-year period.

"Increased exports of this magnitude move us toward our national goal of an expanding agriculture and of bringing farmers more income from the market place," he said.

The purchase of grain by the Soviet Union will be made through private U. S. grain traders, however, the Department of Agriculture will offer the Soviets credit through its Commodity Credit Corporation at the going interest rates and regular terms. The Soviet Union will repay any loans in three annual installments, with the total amount of credit outstanding at any time not to exceed \$500 million.

A discussion of credit terms was the main thrust of grain negotiations headed by Butz in a trip to Moscow in early April. At that time, Butz met with Soviet Communist Party chief Leonid I. Brezhnev. In May, President Nixon continued the grain discussions with Brezhnev at the Summit Meeting. The agreement reached this week brought those

negotiations to a successful conclusion.

"As we traveled in Soviet agricultural areas in April, it was obvious that the Russian wheat crop had been severely damaged by a combination of cold winter weather, lack of snow cover and drouth," Butz said. "The Russian Minister of Agriculture, Vladimir V. Matskevich, was frank in discussing winterkill damage, as was Communist chairman Brezhnev in my meeting with him."

"Whereas winterkill has no doubt contributed to the Soviet purchase this week, that nation has a longer-term need," Butz added. "The Soviet citizens have been promised a 25 per cent increase in the animal protein component of their diets during the current five-year plan. To meet that goal, it will be necessary for the Soviet government to import feed grain to build up Russian livestock production."

"The grain sale is mutually beneficial to both sides. The Soviet citizens will be able to eat better. U. S. farmers will be able to sell more grain, plant more acreage, and get more income from the market. It will aid our U. S. balance of payments. And this will lay the groundwork for enlarging our over-all trade with the Soviet Union in peaceful commercial cooperation," Butz concluded.

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