

# Ronald Reagan Presidential Library Digital Library Collections

---

This is a PDF of a folder from our textual collections.

---

**Collection:** Matlock, Jack F.: Files  
**Folder Title:** USSR – Grain Embargo 1981 (4)  
**Box:** 27

---

To see more digitized collections visit:

<https://reaganlibrary.gov/archives/digital-library>

To see all Ronald Reagan Presidential Library inventories visit:

<https://reaganlibrary.gov/document-collection>

Contact a reference archivist at: [reagan.library@nara.gov](mailto:reagan.library@nara.gov)

Citation Guidelines: <https://reaganlibrary.gov/citing>

National Archives Catalogue: <https://catalog.archives.gov/>

# WITHDRAWAL SHEET

## Ronald Reagan Library

**Collection Name** MATLOCK, JACK: FILES

**Withdrawer**

JET 5/10/2005

**File Folder** USSR-GRAIN EMBARGO 81 4/5

**FOIA**

F06-114/8

**Box Number** 27

YARHI-MILO

2704

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
9990	CABLE	252127Z APR 81 <b>R 9/30/2008 F06-114/8</b>	5	4/25/1981	B1
9988	CABLE	292345Z APR 81 <b>R 9/30/2008 F06-114/8</b>	8	4/29/1981	B1
9989	CABLE	011925Z MAY 81	2	5/1/1981	B1
9987	PAPER	REACTION TO LIFTING GRAIN EMBARGO <b>PAR 3/16/2011 F2006-114/8</b>	2	ND	B1 B3

Freedom of Information Act - [5 U.S.C. 552(b)]

B-1 National security classified information [(b)(1) of the FOIA]

B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]

B-3 Release would violate a Federal statute [(b)(3) of the FOIA]

B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]

B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]

B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]

B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]

B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.



# Haig Says U.S. Will Cut All Trade With Soviet if It Moves Into Poland

New York Times, 4/25/81, Pg. A1

By The Associated Press

WASHINGTON, April 25 — Secretary of State Alexander M. Haig Jr. said today that if the Soviet Union invaded Poland, the Reagan Administration would impose a ban on all United States trade with the Soviet Union and would reimpose the grain embargo.

Mr. Haig said that was President Reagan's position. He added that it had been made known in "international forums."

President Reagan, who lifted the grain curbs yesterday, has said he opposes using a grain embargo alone as punishment for Soviet aggression because it made farmers bear the entire economic burden.

"Yes, if there was an invasion of Poland, there's no question about it," Mr. Haig replied when asked if a new grain embargo would be imposed as part of the United States response to Soviet military intervention in Poland.

"Were there to be an internal or external aggression by the Soviet Union, there would be an across-the-board" cut-off in trade, he said.

Mr. Haig's statement was a reiteration of the position of the North Atlantic Treaty Organization, whose members resolved in December that they would halt all trade with Moscow in the event of Soviet military intervention in Poland.

The Secretary of State discussed the President's decision to end the grain curbs during an interview.

## Opposed Reagan Action

Mr. Haig is known to have argued against Mr. Reagan's decision to end the grain embargo, saying it could send a wrong "signal" at a time when Soviet forces were poised in and around Poland. But he made clear he supported the move now that it has been announced.

He said President Reagan had to take into account "certain domestic considerations." "His farm bill and even his eco-

Continued on Page 12, Column 3

## Haig Warns Soviet of Ban on Trade

Continued From Page 1

economic program could be in jeopardy on this issue," Mr. Haig added.

Noting that Mr. Reagan had promised during the campaign to lift the embargo, Mr. Haig said it was "the President's very strong conviction to live by his commitments, and in this instance his commitment was to lift that grain embargo."

"I think the most important thing we must prevent in the wake of lifting the embargo is the perception that it was exclusively the consequence of a perceived Soviet moderation in Poland," he added.

Mr. Haig added that it would be a mistake to "let Poland exclusively dominate our assessment of future relations with the Soviet Union and return to an attitude of normal if the situation in Poland is not aggravated."

He said there still are 85,000 Soviet

troops "repressing national sovereignty in Afghanistan and we cannot accept this as a normal situation."

"And I don't think the President has any intention of doing so," he declared.

The Secretary said President Reagan would have lifted the curb on his first day in office if it had not been for "tensions in the international environment, not just Afghanistan, but also in Poland."

While the situation in Poland has eased, Mr. Haig cautioned against any expectations that the crisis had ended.

"The basic trend has been to get closer and closer to the point of no return of Soviet toleration" of events in Poland," he said. "You have an action and a reaction, but there is usually a trend."

**Your Money**  
**Saturday in Business Day**  
**The New York Times**



# New York Times, 4/25/81, Pg. A1 President Is Expected to Act Today To End Curb on Grain Sale to Soviet

By BERNARD GWERTZMAN

WASHINGTON April 23 — President Reagan is expected to end the 15-month curb on United States grain exports to the Soviet Union tomorrow despite the State Department's reservations about the move, a senior Administration official said today.

Spokesmen for the White House and the State Department insisted today that "no final decision" had been made on lifting the export curb, which was imposed by former President Carter in January 1980 after the Soviet Union's incursion in Afghanistan.

But the senior Administration official said the action was imminent. He said it was expected to take place tomorrow unless Mr. Reagan changed his mind at the last minute.

The Cabinet is scheduled to meet tomorrow after a National Security Council session. Officials said the grain decision is expected to be taken at the Cabinet meeting.

The White House has shown unusual sensitivity about the matter. Several senior officials who are usually willing to discuss policy matters on a confidential basis refused to talk about the pending decision, even though there have been persistent reports that it was imminent.

Larry Speakes, the acting White House spokesman, appeared disturbed today when reporters suggested that the decision had not been made. He said he resented the line of questioning.

Campaign Pledge to Farmers

The senior Administration official said Mr. Reagan wanted to carry out his campaign pledge to farmers to end the export curb. He said the end to the grain curbs also reflected an easing of Soviet military pressure on Poland.

Mr. Reagan had delayed lifting the curb on the advice of Secretary of State Alexander M. Haig Jr. Mr. Haig argued

Continued on Page A3, Column 1

## Reagan Expected to End Soviet Grain Curb Today

Continued From Page A1

that such a move would "send the wrong signal" at a time of Soviet military preparations for a possible intervention in Poland.

Administration officials said Mr. Haig still opposed an end to the grain curb, but Mr. Reagan apparently chose to accept the advice of his White House political advisers and Agriculture Secretary John R. Block.

Dean Fischer, the State Department

spokesman, said this afternoon that Mr. Haig was standing by his previously stated position, pending a "final decision" by Mr. Reagan. Mr. Haig has said that he never believed the grain curb was a useful tool but he felt that it would be a mistake to lift the restriction.

The Secretary has said that the situation around Poland remains potentially explosive and the Russians have done nothing around the world to merit an end to the curbs.

With Congress returning from Easter

recess on Monday, the White House wants to remove the grain curb as an irritant in relations with senators and representatives from farm states, officials said. The Senate Agriculture Committee is scheduled to begin putting the finishing touches on the four-year omnibus farm bill on Monday.

When asked for the State Department's position on ending the curb, an Administration official said, "You don't think anyone with any knowledge of foreign affairs would support the end to the embargo, do you?"

The limit on grain sales is commonly called an "embargo," but that is an imprecise term.

The United States and the Soviet Union have a five-year agreement, expiring Sept. 30, that allows the Russians to purchase between six and eight million metric tons of grain a year, usually divided between wheat and corn. The accord permits the Soviet Union to buy more grain with the permission of the United States.

At the time of the Soviet invasion of Afghanistan in December 1979, the Soviet Union had been given permission to buy 25 million metric tons, 17 million above the 8 million limit.

In retaliation for Afghanistan, Mr. Carter canceled the additional 17 million

metric ton order, but indicated the United States would continue to abide by the agreed 6 to 8 million metric tons permitted the Russians.

A similar restriction was levied on 1980-81 exports. The Russians have already bought the eight million tons permitted them.

Russians Buy Grain Elsewhere

The Agriculture Department has estimated that the Soviet Union has been able to buy enough corn and wheat in other markets to make up for the grain withheld by the United States.

For the 1980-81 purchasing year, the Russians were believed to need 35 million metric tons of imported grain to augment 185 million metric tons grown in the

Soviet Union. The Soviet Union is thought to have purchased about 32 million metric tons, the department said.

Officials said that if Mr. Reagan went ahead with plans to end the limitation the United States would offer about two million metric tons of wheat to the Russians for delivery by Oct. 1.

So far, no negotiations have been held with the Soviet Union on renewing the long-term grain agreement, but such talks are expected to take place, according to officials. Soviet diplomats have hinted, the officials said, that they would like any new accord to have a higher ceiling than eight million metric tons, and some guarantee against a new curtailment.



TAP158

\*\*\*\*\*C O N F I D E N T I A L\*\*\*\*\*E COPY

IN

OP IMMED  
DE RUEHC #7221 1152140  
O 252127Z APR 81 ZEX  
FM SECSTATE WASHDC

TO ALL DIPLOMATIC POSTS IMMEDIATE  
AMEMBASSY KABUL IMMEDIATE 0000

C O N F I D E N T I A L

~~LIMITED OFFICIAL USE~~ STATE 107221  
E.O. 12065: N/A

TAGS: EAGR, EEWT, EPAP, UR

SUBJECT: PRESIDENTIAL DECISION TO LIFT THE PARTIAL  
GRAINS EMBARGO

1. AT 1200 LOCAL TIME, APRIL 24, THE WHITE HOUSE  
ANNOUNCED THE PRESIDENT'S DECISION TO LIFT THE PARTIAL  
GRAINS EMBARGO. TEXT FOLLOWS:

I AM TODAY LIFTING THE U.S. LIMITATION ON ADDITIONAL  
AGRICULTURAL SALES TO THE SOVIET UNION AS I PROMISED  
TO DO DURING LAST YEAR'S PRESIDENTIAL CAMPAIGN.

MY ADMINISTRATION HAS MADE A FULL AND COMPLETE STUDY  
OF THIS SALES LIMITATION, AND I REACHED MY DECISION  
AFTER WEIGHING ALL OPTIONS CAREFULLY AND CONFERRING  
FULLY WITH MY ADVISERS, INCLUDING MEMBERS OF THE  
CABINET AND THE NATIONAL SECURITY COUNCIL.

WE HAVE ALSO BEEN CONSULTING WITH OUR ALLIES ON THIS  
MATTER.

AS A PRESIDENTIAL CANDIDATE, I INDICATED MY OPPOSITION  
TO THE CURB ON SALES BECAUSE AMERICAN FARMERS HAD BEEN  
UNFAIRLY SINGLED OUT TO BEAR THE BURDEN OF THIS  
INEFFECTIVE NATIONAL POLICY.

I ALSO PLEDGED THAT WHEN ELECTED PRESIDENT I WOULD  
"FULLY ASSESS OUR NATIONAL SECURITY, FOREIGN POLICY  
AND AGRICULTURAL NEEDS TO DETERMINE HOW BEST TO

\*\*\*\*\*

SIT: COL,VP  
EOB: EURE,ECON  
WHSR COMMENTS:

PAGE 01

SECSTATE WASHDC 7221

DTG:252127Z APR 81  
TUR: 115/2151Z

PSN:039244  
CSN:HCE749

\*\*\*\*\*C O N F I D E N T I A L\*\*\*\*\*E COPY

DECLASSIFIED

NLRR 506-114/8#9990  
BY 405 NARA DATE 9/30/08

\*\*\*\*\*CONFIDENTIAL\*\*\*\*\* COPY

TERMINATE" THE DECISION MADE BY MY PREDECESSOR.

THIS ASSESSMENT BEGAN AS SOON AS I ENTERED OFFICE AND HAS CONTINUED UNTIL NOW.

IN THE FIRST WEEKS OF MY PRESIDENCY I DECIDED THAT AN IMMEDIATE LIFTING OF THE SALES LIMITATION COULD BE MISINTERPRETED BY THE SOVIET UNION.

I THEREFORE FELT THAT MY DECISION SHOULD BE MADE ONLY WHEN IT WAS CLEAR THAT THE SOVIETS AND OTHER NATIONS WOULD NOT MISTAKENLY THINK IT INDICATED A WEAKENING OF OUR POSITION.

I HAVE DETERMINED THAT OUR POSITION NOW CANNOT BE MISTAKEN: THE UNITED STATES, ALONG WITH THE VAST MAJORITY OF NATIONS, HAS CONDEMNED AND REMAINS OPPOSED TO THE SOVIET OCCUPATION OF AFGHANISTAN AND OTHER AGGRESSIVE ACTS AROUND THE WORLD.

WE WILL REACT STRONGLY TO ACTS OF AGGRESSION WHEREVER THEY TAKE PLACE. THERE WILL NEVER BE A WEAKENING OF THIS RESOLVE.

END TEXT

2. IN DISCUSSING THIS DECISION, YOU SHOULD DRAW ON THE FOLLOWING GUIDANCE AS APPROPRIATE, IN COORDINATION WITH PAO'S AND IO'S.

3. REASON FOR DECISION:

-- BEFORE TAKING OFFICE THE PRESIDENT UNDERTOOK A COMMITMENT TO LIFT THE GRAINS EMBARGO WHICH WAS A LEGACY FROM THE PREVIOUS ADMINISTRATION. IT HAS BEEN HIS CONCERN THAT THE EMBARGO WAS IMPOSING AN UNFAIR BURDEN ON THE U.S. FARMER AND THAT THE EMBARGO WAS NOT EFFECTIVE. THUS BY LIFTING THE EMBARGO THE PRESIDENT IS FULFILLING HIS PLEDGE TO THE AMERICAN PEOPLE.

-- THE PRESIDENT DELAYED ACTION UNTIL NOW TO ALLOW HIM TO COMPLETE HIS REVIEW OF THE EMBARGO POLICY AND BECAUSE HE BELIEVED THAT AN IMMEDIATE TERMINATION OF THE EMBARGO WOULD BE MISINTERPRETED BY THE SOVIET UNION.

4. EFFECT ON AFGHANISTAN POLICY:

PAGE 02

SECSTATE WASHDC 7221

DTG:252127Z APR 81  
TOR: 115/2151Z

PSN:039244  
CSN:HCE749

\*\*\*\*\*CONFIDENTIAL\*\*\*\*\* COPY



\*\*\*\*\*CONFIDENTIAL\*\*\*\*\* COPY

clearly not indication  
of changed  
position on  
Afghan rebels

↑

1) position vis-a-vis  
Afghanistan - not  
changed

2) other sanctions  
measures are still  
in place (technology)

3) package - Pakistan  
at Afghan rebels

1 -- THE DECISION TO LIFT THE GRAINS EMBARGO DOES NOT  
INDICATE ANY CHANGE IN THE OPPOSITION OF THE U.S. TO  
THE SOVIET INVASION OF AFGHANISTAN OR THE ACCEPTANCE  
OF THE STATUS QUA THERE. WE WILL PERSEVERE IN OUR  
EFFORTS TO ACHIEVE A POLITICAL SETTLEMENT PREDICATED  
UPON THE WITHDRAWAL OF SOVIET TROOPS.

\*

2 --THE PRESIDENT'S DECISION COVERS ONLY THE LIFTING OF  
THE PARTIAL EMBARGO ON AGRICULTURAL GOODS AND THE  
RELATED EMBARGO ON PHOSPHATES. OTHER AFGHAN-RELATED  
SANCTION MEASURES REMAIN IN PLACE.

#### 5. POLAND:

--OUR LIFTING OF THE EMBARGO SHOULD NOT BE SEEN AS A  
"REWARD" FOR SOVIET GOOD BEHAVIOR, I.E., NON  
-INTERVENTION IN POLAND. THE PRESIDENT HAD EXPRESSED  
HIS COMMITMENT TO LIFT THE EMBARGO MANY MONTHS AGO.

--OUR POSITION ON THE SITUATION IN POLAND IS  
UNCHANGED. WE RECOGNIZE THAT THE PROBLEMS FACING  
POLAND REMAIN SERIOUS, AND WE BELIEVE THAT THE POLISH  
GOVERNMENT AND PEOPLE CAN AND SHOULD BE ALLOWED TO  
RESOLVE THESE PROBLEMS WITHOUT OUTSIDE INTERFERENCE OF  
ANY KIND.

--WE RECOGNIZE THE CONTINUING HIGH STATE OF READINESS  
OF SOVIET FORCES IN AND AROUND POLAND AND THEIR  
CAPABILITY TO MOVE ON SHORT NOTICE.

--THE LIFTING OF THE EMBARGO DOES NOT CHANGE THE FACT  
THAT SOVIET INTERVENTION IN POLAND WOULD EVOKE A  
PROFOUND AND LASTING RESPONSE FROM THE US THAT WOULD  
JEOPARDIZE THE ENTIRE RANGE OF U.S.-SOVIET RELATIONS.

#### 6. U.S. POSTURE TOWARD THE SOVIET UNION:

--THE LIFTING OF THE EMBARGO SHOULD NOT BE INTERPRETED  
AS A WEAKENING OF OUR POSITION TOWARDS THE SOVIET

UNION. DURING ITS TERM IN OFFICE, THE REAGAN  
ADMINISTRATION HAS COMMUNICATED CLEARLY TO THE SOVIET  
UNION THAT WE WILL RESIST SOVIET AGGRESSION AND INSIST  
ON SOVIET RESTRAINT.

--THE USSR SHOULD BE UNDER NO ILLUSION THAT AGGRESSIVE

\*\*\*\*\*CONFIDENTIAL\*\*\*\*\* COPY



\*\*\*\*\*C O N F I D E N T I A L\*\*\*\*\*E COPY

BEHAVIOR IN POLAND OR ELSEWHERE WILL MEET WITH ANYTHING BUT THE MOST PROMPT, FIRM AND UNIFIED RESPONSE.

--THIS ADMINISTRATION HAS TAKEN AND IS TAKING CONCRETE STEPS TO ENABLE THE U.S. AND ITS ALLIES TO DETER SOVIET THREATS TO OUR INTERESTS AND TO RESPOND TO CHALLENGES SHOULD THEY ARISE.

#### 7. US-SOVIET GRAIN TRADE:

--IN ACCORDANCE WITH ARTICLE VI OF THE EXISTING GRAINS AGREEMENT, ADDITIONAL SALES OF CORN AND WHEAT FOR THIS FISCAL YEAR WOULD BE DETERMINED THROUGH CONSULTATIONS WITH THE SOVIETS, SHOULD THE SOVIETS DESIRE ADDITIONAL PURCHASES.

→ [ --DECISIONS ON A NEW LONG-TERM GRAINS AGREEMENT WITH THE SOVIETS HAVE NOT YET BEEN MADE.

#### 8. EFFECT ON OTHER US-SOVIET TRADE ISSUES:

--THE LIFTING OF THE EMBARGO SHOULD NOT BE TAKEN AS AN INDICATION OF THE ADMINISTRATION'S FUTURE TRADE POLICY TOWARD THE SOVIET UNION OR ANY OTHER ASPECT OF EAST-WEST ECONOMIC RELATIONS. THE ADMINISTRATION'S STUDY OF US-SOVIET TRADE POLICY AND EAST-WEST RELATIONS HAS NOT YET BEEN COMPLETED.

should not be viewed as an indicat. of the Admin's policy → toward USSR.

--THE POLICY TOWARD TRADE IN NON-AGRICULTURAL GOODS HAS NOT BEEN CHANGED. AS IN THE PAST, EXPORT LICENSES FOR OTHER GOODS AND EQUIPMENT WILL BE REVIEWED AS NECESSARY ON A CASE-BY-CASE BASIS.

--THE LIFTING OF THE EMBARGO DOES NOT SIGNAL OUR ENDORSEMENT OF THE PROPOSED SIBERIAN GAS PIPELINE PROJECT. WE CONTINUE TO BE CONCERNED ABOUT THE STRATEGIC IMPLICATIONS OF THIS PROJECT. THESE IMPLICATIONS ARE BEING CONSIDERED IN THE CONTEXT OF THE ADMINISTRATION'S CURRENT REVIEW OF EAST-WEST ECONOMIC RELATIONS.

#### 9. ALLIES:

--FRIENDLY COUNTRIES WHICH WERE PRINCIPALLY CONCERNED WERE CONSULTED IN ADVANCE OF THE PRESIDENT'S

\*\*\*\*\*C O N F I D E N T I A L\*\*\*\*\*E COPY



5  
\*\*\*\*\*CONFIDENTIAL\*\*\*\*\* COPY

ANNOUNCEMENT TO LIFT THE EMBARGO.

--WE DO NOT BELIEVE THAT LIFTING THE EMBARGO WILL AFFECT ALLIED READINESS TO COOPERATE WITH US IN RESTRAINING SOVIET INTERNATIONAL BEHAVIOR AND ENHANCING WESTERN DEFENSE POSTURE.

10. THE SECRETARY'S SUPPORT OF THE DECISION:

--SECRETARY HAIG FULLY SUPPORTS THE PRESIDENT'S DECISION.

--HE HAS CONSISTENTLY AGREED WITH THE PRESIDENT THAT THE EMBARGO WAS IMPOSING AN UNFAIR BURDEN ON THE U.S. FARMER. HIS CONCERN WAS ONLY THAT THE DECISION NOT SEND A WRONG SIGNAL CONCERNING OUR FOREIGN POLICY POSTURE TOWARD THE USSR.

11. MINIMIZE CONSIDERED. HAIG  
BT

\*\*\*\*\*CONFIDENTIAL\*\*\*\*\* COPY

# Reagan Ends Ban On Selling Grain To Soviet Union

By Lee Lescaze

Washington Post Staff Writer

President Reagan lifted the embargo on grain sales to the Soviet Union yesterday and said he is certain the Soviets and others around the world will not mistakenly think he has weakened his stand against Soviet aggression.

"We will react strongly to acts of aggression wherever they take place," Reagan said in his statement announcing that he was wiping out the most serious action the Carter administration took to punish Moscow for its invasion of Afghanistan.

Reagan entered office determined to establish a tough and consistent posture from which to deal with the Soviet Union. The lifting of the embargo, an action Moscow has sought, was Reagan's first major act bearing directly on the U.S.-Soviet relationship.

It stands in apparent contrast to the president's anti-Soviet rhetoric — including his Jan. 29 charge that Soviet leaders will lie, cheat and commit any crime to achieve their goals — as well as such minor harassment of Moscow as depriving Ambassador Anatoliy F. Dobrynin of his unique State Department parking privilege and abruptly refusing a visa extension to Georgy Arbatov, Moscow's chief America-watcher.

One day earlier, a White House official told reporters that one reason for the administration's decision to sell sophisticated AWACS radar planes to Saudi Arabia was the increasing Soviet threat in the Persian Gulf region.

An administration official said the decision to lift the grain embargo was made possible in part by lessened tension in the world, including in Poland, where fears of a Soviet invasion have lessened.

The official, who spoke to reporters on the understanding that he not be



# Reagan Ends Ban on Sales of Grain to Soviet Union

**PRESIDENT, From A1**

identified, said he sees no contradiction or inconsistency in the two actions.

Senate Minority Leader Robert C. Byrd (D-W.Va.) said the decision "gives our nation an image of softness and vacillation."

Byrd added: "What we are being told now, basically, is that the Soviets should be rewarded for being good for a few days. Lifting the embargo in no way enhances the security of Poland, and makes the United States appear weak and lacking in resolve."

Since taking office, Reagan has been caught between his campaign pledge to eliminate the embargo — a pledge that helped him win farmers' votes last November — and warnings

from Secretary of State Alexander M. Haig Jr. and others that lifting the embargo would send the wrong signal to the Soviets.

From Jan. 4, 1980, when President Carter imposed the embargo in response to the Soviet invasion of Afghanistan, Reagan has been critical of it on the grounds that it asks American farmers to bear an unfair burden.

At one point during the campaign, Reagan suggested that a more appropriate and effective way to punish Moscow might have been to blockade Cuba.

He has said repeatedly that the embargo did not hurt the Soviet Union, which was able to buy the grain it needs from other nations.

Reagan returned to these themes in

yesterday's statement, which was read for reporters and the television cameras by deputy White House press secretary Larry Speakes.

Reagan stressed that his action was taken in fulfillment of his campaign promise, and called the embargo an "ineffective national policy." He said that lifting the embargo has been under constant review.

"In the first few weeks of my presidency, I decided that an immediate lifting of the sales limitation could be misinterpreted by the Soviet Union," Reagan said. "I therefore felt that my decision should be made only when it was clear that the Soviets and other nations would not mistakenly think it indicated a weakening of our position."

"I have determined that our position now cannot be mistaken: The United States, along with the vast majority of nations, has condemned and remains opposed to the Soviet occupation of Afghanistan and other aggressive acts around the world. We will react strongly to acts of aggression wherever they take place. There will never be a weakening of this resolve."

Neither the unnamable administration official nor Reagan, who made the decision on his first day back in the Oval Office since he was shot March 30, explained what action or actions had led him to determine that conditions now permitted him to lift the embargo.

The absence of a Soviet crackdown against the Polish labor unions was only a partial factor in the decision, this official said, but he would not list other factors.

"I would not peg the president's decision to lift the embargo to any specific action," the official said, adding, "This is a principled decision and we insist that you accept it as such."

He rejected the suggestion that the Soviets were being rewarded.

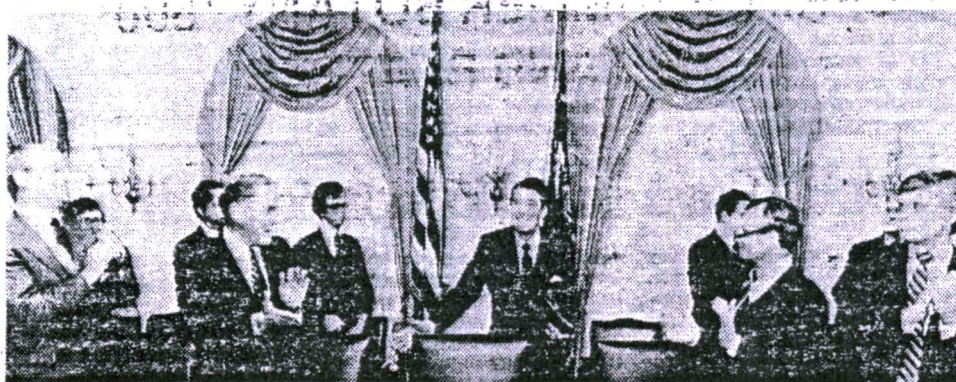
Several diplomats who deal with the Soviet Union let it be known that they believe that lifting the embargo will make it harder to rally support for criticisms of the Afghanistan situation and other Soviet actions.

They also said that the decision will strengthen the hand of those Soviet leaders who argue that if Moscow stands firm the United States will either change administrations or change policies and cave in.

Even before the embargo officially ended at 4 p.m., Soviet officials were in the Agriculture Department building here discussing grain purchases. Agriculture Secretary John R. Block said.

If the Soviets appear eager to buy, the Americans appear no less eager to sell. By happy coincidence, USDA officials discovered that about 6 million metric tons of corn that hadn't been noticed before are available for sale. In addition, officials said, there is plenty of wheat, and a handsome new crop is on the horizon.

"I'm happy beyond comprehension. It has been a long 100 days," said Block, who had pushed for an end to the embargo.



Entering the Cabinet meeting, Reagan is cheered by (from left) Secretaries Watt and Haig, Deputy Secretaries Carlucci and Wright.

Associated Press



## *Changing the Rules of the Game?*

**P**ERHAPS President Reagan's lifting of the grain embargo is an aberration, a one-shot exception to a general policy of considering matters relating to the Soviet Union as parts of a strategic whole. This makes it quaint, even a bit touching, that he should honor a campaign promise by taking a step that cuts so embarrassingly across the main thrust of his approach to Soviet power.

The scale of the administration's embarrassment remains immense: President Reagan is helping Moscow out of a grain pinch, breaking faith with the Afghans and the Poles, setting a nothing-for-something precedent in diplomacy, announcing that he caves to domestic pressure groups, and licensing all manner of other would-be exporters, American and foreign, to try to sell to Moscow what they will. Still, if the lifting of the embargo is the exception that proves the rule of American strategic determination, all is not lost.

It occurs to us, however, that there is another possible explanation for Mr. Reagan's decision. Perhaps he does not regard his anti-embargo assurances to the farmers so much as a "campaign promise" as an expression of a deeply felt free-market philosophy that disposes him to resist controlling normal civilian commerce, however that might be defined. This would lead not to a transient or accidental contradiction but a permanent one between his economic policy and the demands of a prudent conventional foreign policy designed to contain Soviet expansion. It would be, in our view, a politically costly and strategically distracting contradiction, the more so for being witting and continuous. Can it be that this is what Mr. Reagan has in mind?

If he is at all inclined in that direction, there is yet another factor that must be worked into the equation. Jimmy Carter imposed the partial grain em-

bargo and took related steps at the time of the Soviet invasion of Afghanistan in order to bring to bear on the Soviet Union a range of sanctions at the peaceful end of the spectrum. The idea was that, in this instance, as serious as it was, peaceful measures were to be preferred over others more toward the military end of the spectrum. The idea behind that was essentially gradualism: responding to reprehensible Soviet behavior by starting small, taking one step at a time, adding pressures as necessary and feasible, making Soviet aggression costly, bringing the allies along, giving diplomacy time to work, playing by the rules. This concept has been applied by successive American administrations in all situations where a recourse to force has not been thought necessary, and even in some situations where it has.

Now comes Ronald Reagan, who is taking out of his own hands—conceivably, not just in this incident—the principal lever, trade, available for peaceful and gradual response to Soviet actions of which the United States disapproves. By doing this he is pointing himself toward, and to a degree committing himself to, a whole other manner of response, one in which he would conceivably reply to the Soviet Union more abruptly, more forcefully, more "effectively" and in a more unpredictable and unorthodox way.

The lifting of the embargo could be the opening signal of a startling and radical new approach to Soviet power in which the perceptions and risks on both sides would be quite different from what they have been until now. There have been hints of this between some of Mr. Reagan's lines but nothing of real substance. It will be interesting, not to say surpassingly important, to see if this is what the president really has in mind—changing the rules of the game—so that others can fairly discuss and judge it.



8  
REUTER 1250 NL

R123R A0545>1201BYLRYR

AM-GRAIN

BY JAMES VICINI

WASHINGTON, APRIL 27, REUTER -- THE UNITED STATES WILL SEEK TO INCREASE THE AMOUNT OF WHEAT SOLD TO THE SOVIET UNION UNDER A GRAIN DEAL TO BE NEGOTIATED BETWEEN THE TWO COUNTRIES, DEPUTY AGRICULTURE SECRETARY RICHARD LYNCH SAID TODAY.

THE TWO COUNTRIES OPENED TALKS ON POSSIBLE NEW GRAIN SALES IMMEDIATELY AFTER PRESIDENT REAGAN ON FRIDAY LIFTED THE GRAIN EMBARGO, IMPOSED IN RETALIATION FOR THE SOVIET INTERVENTION IN AFGHANISTAN IN DECEMBER 1979.

MR LYNCH TERMED THE INITIAL DISCUSSIONS VERY PRELIMINARY BUT ADDED: "WE ARE HOPING FURTHER TALKS WILL TAKE PLACE MOMENTARILY."

DEPARTMENT OFFICIALS SAID LATER NEGOTIATIONS MIGHT RESUME THIS WEEK, POSSIBLY AT SOME UNDISCLOSED OVERSEAS LOCATION SUCH AS LONDON OR ROTTERDAM.

THE CURRENT FIVE-YEAR GRAIN PACT WITH THE SOVIET UNION, DUE TO EXPIRE SEPTEMBER 30, PROVIDES FOR MINIMUM SALES OF SIX MILLION TONS A YEAR, DIVIDED EQUALLY BETWEEN WHEAT AND CORN.

"IF WE COULD, WE WOULD LIKE TO SEE A HIGHER MINIMUM ON WHEAT," MR LYNCH TOLD A MEETING OF FARM EDITORS.

MORE 1253 JW

R129R A0552>2201BYL1YC

AM-GRAIN 2 WASHINGTON

MR LYNCH PREDICTED A NEW GRAIN AGREEMENT WITH MOSCOW WOULD BE SIMILAR TO THE CURRENT PACT.

BUT PROBLEMS MAY EMERGE DURING NEGOTIATIONS OVER THE KREMLIN'S DEMAND THAT ANY NEW GRAIN DEAL PROVIDE FOR FINANCIAL GUARANTEES AGAINST A FUTURE POLITICAL EMBARGO.

SOVIET OFFICIALS EARLIER THIS MONTH TOLD U.S. CONGRESSMAN JAMES SENSENBRENNER THAT MOSCOW WOULD RENEW THE AGREEMENT IF CONVINCED THE UNITED STATES WOULD BE A RELIABLE, COMPETITIVE SUPPLIER AND IF IT INCLUDED THE FINANCIAL GUARANTEES.

NOW THAT THE GRAIN EMBARGO HAS ENDED, MR LYNCH ALSO EXPRESSED CONFIDENCE THAT CONGRESS WOULD APPROVE THE ADMINISTRATION'S PROPOSALS FOR NEW FARM LEGISLATION.

ONE FACTOR BEHIND ENDING THE EMBARGO WAS CONCERN THAT KEEPING THE TRADE CURBS WOULD JEOPARDIZE THE ADMINISTRATION'S FARM BILL AND MR REAGAN'S ECONOMIC PROGRAM.

ADMINISTRATION OFFICIALS SAID THE RECENT EASING OF TENSIONS IN POLAND ALSO CONTRIBUTED TO THE END OF THE EMBARGO.

MORE 1255 JW

R130R A0560>L201ZYRCZC

AM-GRAIN 3 WASHINGTON

IN A TELEVISED INTERVIEW YESTERDAY ON ABC, COMMERCE SECRETARY MALCOLM BALDRIGE SAID THE UNITED STATES HAD RECEIVED NO PRIVATE ASSURANCES FROM MOSCOW WITH REGARD TO THE SITUATION IN POLAND.

BUT HE DISCOUNTED THE IDEA THE SOVIET UNION WOULD INTERPRET LIFTING THE GRAIN EMBARGO AS A SIGN OF WEAKNESS, SAYING THE ADMINISTRATION HAD ALREADY MADE CLEAR ITS HARD-LINE POLICY AGAINST SOVIET AGGRESSION.

REUTER 1256 JW



# No 'Quid Pro Quo' Given U.S. for End Of Grain Embargo

Washington Post, 4/27/81, Pg. A1

By Jane Seaberry  
Washington Post Staff Writer

The Reagan administration received no "quid pro quo" from the Soviet Union in return for lifting a partial embargo on U.S. grain exports, Commerce Secretary Malcolm Baldrige said yesterday, but he discounted the idea that the Soviets might read the decision as a sign of weakness.

"I think there is no mistake in our intentions vis-a-vis the Soviets," Baldrige said in an interview on "Issues and Answers" (ABC, WJLA), citing "hard signals, tough signals" from both the president and Secretary of State Alexander M. Haig Jr.

During the campaign, President Reagan frequently criticized the embargo, imposed in January, 1980, by former President Carter in retaliation for the Soviet invasion of Afghanistan, as being a disproportionately severe sacrifice for farmers. But it was not lifted until Friday, partly because Haig had persuaded the president that it would be inappropriate to lift the embargo while the possibility existed of Soviet intervention in Poland, and that premature lifting of the embargo would be inconsistent with the administration's efforts to put across a hard line to Moscow.

That line has been put down, Baldrige indicated yesterday. Asked how he thought the Soviet Politburo would read the decision on the embargo, he said, "I would not take that as a signal of weakness in any way, shape or form. I would take it as a sense of security that this president feels strong enough to be able to do that and withstand a minor amount of criticism."

Haig reportedly still thinks lifting the embargo is a mistake, and he told the Associated Press Saturday that the administration would impose an across-the-board ban on trade with the Soviet Union—including a new grain embargo—if the Soviets intervene in Poland.

"I think the most important thing we must prevent in the wake of lifting the embargo is the perception that it was exclusively the consequence of a perceived Soviet moderation in Poland," Haig said. He said it would be a mistake to "let Poland exclusively dominate our assessment of future relations with the Soviet Union and return to an attitude of normal if the situation in Poland is not aggravated."

Haig acknowledged that tensions in Poland had eased, but he warned the crisis is not past. He also said Reagan took into account "certain domestic considerations" in his decision to lift the embargo, noting "this farm bill



MALCOLM BALDRIGE

... U.S. sent Soviets "tough signals" and even his economic program could be in jeopardy on this issue."

But Baldrige dismissed the idea that domestic politics, in an effort to win support for the administration's economic recovery plan or its pending farm bill, played the major part in the decision. "Political reasons in this town have to be considered, along with everything else, but that was far away from the major reason," he said.

Baldrige said Reagan decided to end the embargo because "it was not his embargo in the first place.... It was Jimmy Carter's embargo."

Baldrige said the president never said he would lift the embargo if he received some concession from the Soviets, nor did the administration receive any private assurances from the Soviets regarding the situation in Poland.

"He's never stated it would take a quid pro quo," Baldrige said. "The fact is he didn't think it was an effective enough tool, a kind of retribution against a move in Afghanistan when it was first imposed."

"The question is to send the right kind of signal to the Russians so there's no mistake about our policy and our intentions, so they understand that," Baldrige said. "Once that's done, and it's been done in the last three months, there's no real reason to keep that embargo on."

Meanwhile, Treasury Secretary Donald T. Regan told reporters yesterday that the administration didn't lift a high-technology embargo against the Soviets, imposed shortly after the grain embargo, because high-technology goods have defense and political overtones.



NATIONAL SECURITY COUNCIL

April 28, 1981

TO: ALLEN LENZ

FROM: GEOFF KEMP

I would like to see your draft  
letter to RVA re attached.

Thank you.

*Thank  
off*

This is the package you  
gave to Paula to work up  
for you. I called with Kemp's  
request.

Carol C.

 To: Paula Dobriansky.

RECEIVED 27 APR 81 15

TO ALLEN

FROM MOSER, CHARLES

DOCDATE 24 APR 81

MCKAY, KAREN

24 APR 81

KEYWORDS: GRAIN EMBARGO

AFGHANISTAN

USSR

SUBJECT: COM FOR FREE AFGHANISTAN PROTESTS LIFTING OF GRAIN EMBARGO

ACTION: PREPARE REPLY FOR ALLEN SIG DUE: 04 MAY 81 STATUS S FILES

FOR ACTION

FOR COMMENT

FOR INFO

LENZ

KEMP

STEARMAN

COLSON

PIPES

GREGG

COMMENTS

*Handwritten notes:*  
Lentz's  
would like to see  
Kemp's draft letter to  
for RMT

REF#

LOG

NSC/FID

( C / )

ACTION OFFICER (S) ASSIGNED ACTION REQUIRED DUE COPIES TO

DISPATCH \_\_\_\_\_ W/ATTCH FILE \_\_\_\_\_ (C)



24 APR 1981 12  
2323

# Committee for a Free Afghanistan

A Project of the Council for the Defense of Freedom

(Member of the Coalition for Peace through Strength)

Executive Director

Karen McKay

721 Second Street, N.E.

Washington, D.C. 20002

(202) 546-7577

Board of Directors

General Daniel O. Graham, USA (Ret.)

Marx Lewis

Dr. Charles Moser

Theodora Bond

HAND DELIVERED

April 24, 1981

Hon. Richard Allen  
National Security Adviser  
The White House  
Washington, DC

Dear Mr. Allen:

The Committee for the Free Afghanistan, formed in January 1981 to work for the liberation of Afghanistan from Soviet occupation, is distressed to learn that the Reagan Administration is giving serious consideration to lifting the grain embargo imposed upon the Soviet Union after the invasion of Afghanistan in December 1979.

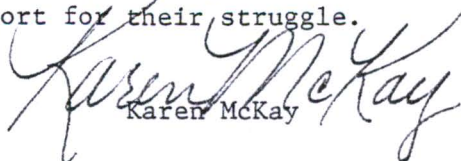
As weak as that response was, it remains virtually the only concrete thing the United States has done for the purpose of showing its support for the courageous Afghan freedom fighters who are opposing, almost with bare hands, the might of Soviet arms under the direction of a regime which seems bent upon inflicting upon Afghanistan the same sort of genocidal destruction which has been visited upon the Cambodian people. Events in Afghanistan are among the most horrendous in world history. The United States cannot simply stand idly by while a tragedy of such historic proportions occurs which it is probably within its power to prevent.

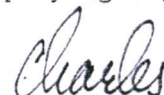
We, the undersigned members of the Committee for a Free Afghanistan, protest against the raising of the grain embargo so long as Soviet invasion armies continue to occupy Afghanistan and slaughter its people.

We understand that as a candidate for the presidency, President Reagan committed himself to the lifting of the embargo, and that he no doubt feels strongly about carrying out his campaign promises if he possibly can.

Although we believe it would be a mistake for him to modify the grain embargo, that mistake might not be irreparable if it were coupled -- along the lines of the President's statement to Frank Reynolds on ABC Television -- with a statement that the necessary financial or other aid would be immediately dispatched to the Afghan freedom fighters. We have reason to believe that there is great support for such aid in the Congress.

We appeal to the President not to inflict mortal discouragement upon those valiant Afghans who are fighting with so little help for their freedom -- and ours -- by lifting the grain embargo without any accompanying sign of direct support for their struggle.

  
Karen McKay

  
Charles A. Moser



81 APR 24 P 5: 53

JANET COLSON

BUD NANCE

DICK ALLEN

IRENE DERUS

JANET COLSON

BUD NANCE

KAY

CY TO VP

CY TO MEESE

CY TO BAKER

CY TO DEEVER

CY TO BRADY

SHOW CC

SHOW CC

SHOW CC

SHOW CC

SHOW CC

*for staffing*

OP IMMED  
DE RUEHC #0748 1210710  
O 292345Z APR 81 ZFF6  
FM SECSTATE WASHDC

TO AMEMBASSY ISLAMABAD IMMEDIATE 9462-5 IMMEDIATE

INFO ZEN/AMEMBASSY NEW DELHI IMMEDIATE 7235/8  
ZEN/AMEMBASSY LONDON IMMEDIATE 6823-6  
ZEN/AMEMBASSY PARIS IMMEDIATE 1992-5  
ZEN/AMEMBASSY BONN IMMEDIATE 5372/5  
ZEN/USMISSION USNATO IMMEDIATE 1474/7  
ZEN/AMEMBASSY BEIJING IMMEDIATE 2875/8  
ZEN/AMEMBASSY JIDDA IMMEDIATE 0827/30

~~SECRET~~ STATE 110748

NODIS  
C O R R E C T E D C O P Y (LEFT OUT WORD "ON")  
E.O. 12065: XGDS-L, 3 4/22/01 (HAIG, ALEXANDER), S  
TAGS: PEPR, MASS, EAID, PARM, PK, US, IN, UR, AF, SA  
SUBJECT: U.S.-PAKISTAN RELATIONS: FOREIGN MINISTER  
SHAHI'S DISCUSSIONS WITH THE SECRETARY

1. SECRET - ENTIRE TEXT.

2. SECRETARY HAIG MET WITH PAKISTAN FOREIGN MINISTER AGHA SHAHI ON APRIL 20 AND 21 FOR APPROXIMATELY TWO AND ONE-HALF HOURS TOTAL IN TWO SEPARATE MEETINGS. UNDER SECRETARY BUCKLEY ALSO MET SEPARATELY WITH THE FOREIGN MINISTER AND DELEGATION. SHAHI WAS ACCOMPANIED BY CHIEF OF STAFF TO PRESIDENT ZIA, LT. GEN. ARIF, PAKISTAN AMBASSADOR TO FRANCE, YAQUB KHAN, AND FOREIGN MINISTRY OFFICIALS. THE HIGHLIGHTS OF THE MEETINGS ARE SUMMARIZED TOPICALLY BELOW. TALKING POINTS FOR USE IN BRIEFING HOST GOVERNMENTS WILL BE PROVIDED SEPARATELY.

3. THE SETTING: SECRETARY HAIG IN WELCOMING THE MINISTER SAID THAT THE UNITED STATES HAS GREAT ADMIRATION FOR THE

\*\*\*\*\*

SIT:  
EOB: ECON,SEA,PRC,ASIMET,NEA,EEUR,WEUR  
WHSR COMMENTS:

PAGE 01

SECSTATE WASHDC 0748  
RECALLED

DTG:292345Z APR 81  
TOR: 121/1003Z

PSN:046440  
CSN:HCE691

DECLASSIFIED

NLRR Feb-1148 #9988  
BY 621 NARA DATE 9/30/08



\*\*\*\*\*

~~SECRET~~

\*\*\*\*\*E COPY

73

WAY PAKISTAN HAD WITHSTOOD THE PRESSURES OVER THE PAST 16 MONTHS AFTER THE SOVIET INVASION OF AFGHANISTAN. THE SECRETARY SAID THAT THE REAGAN ADMINISTRATION WAS DETERMINED TO STOP SOVIET EXPANSIONISM. PRESIDENT REAGAN WAS FULLY APPRISED OF PAKISTAN'S CONCERNS AND COMMITTED TO SUPPORTING PAKISTAN. THROUGH PRUDENT DIPLOMACY, WE ARE HOPEFUL THAT WE CAN MEET PAKISTAN'S NEEDS AND COMMON SECURITY PROBLEMS. THE SECRETARY BRIEFED ON HIS RECENT TRIP TO THE MIDDLE EAST NOTING HE HAD MADE CLEAR THAT EVEN IF THE PALESTINIAN PROBLEM WERE TO BE RESOLVED, THERE WOULD STILL BE A MAJOR SOVIET PROBLEM. HE BELIEVED BOTH PROBLEMS MUST BE DEALT WITH IN TANDEM; PROGRESS IN ONE AREA HELPS PROGRESS IN THE OTHER. THE SOVIETS DEMAND SUBSERVIENCE, AND ARE NOT SATISFIED WITH AN EQUAL RELATIONSHIP AS HAS BEEN SHOWN IN SEVERAL COUNTRIES THAT HAVE ESCAPED, OR WANT TO ESCAPE FROM A SOVIET EMBRACE. THE SECRETARY EMPHASIZED THERE IS A NEW CONSENSUS IN THE U.S. WHICH ENCOMPASSES THE EXECUTIVE AND LEGISLATIVE BRANCHES AND PUBLIC OPINION. NOW THE UNITED STATES WILL NOT ACCEPT SOVIET AGGRESSION, ESPECIALLY IN THE VITAL SOUTHEAST ASIAN REGION. THE UNITED STATES IS NOT, AS SOME THOUGHT, SOLELY CONCERNED OVER MOVEMENT OF OIL SUPPLIES THROUGH THE STRAITS OF HORMUZ; WE ARE CONCERNED OVER SOVIET EXPANSIONISM AND THE SECURITY OF OUR FRIENDS.

4. SHAHI SAID THE WARM AND SINCERE TONE OF VARIOUS COMMUNICATIONS FROM WASHINGTON SUCH AS PRESIDENT REAGAN'S LETTER AND THE MARCH 21 PROPOSALS MADE BY AMBASSADOR HUMMEL WERE A WELCOME CHANGE FROM PREVIOUS DISCUSSIONS IN 1980. PAKISTAN COULD NOT ACCEPT LAST YEAR'S ASSISTANCE OFFER BECAUSE OF A LACK OF CONFIDENCE IN ITS DURABILITY AND CREDIBILITY. THE MAGNITUDE OF ASSISTANCE OFFERED AT THAT TIME WOULD HAVE MERELY PROVOKED THE SOVIETS AND INDIA WITHOUT OFFERING SECURITY TO PAKISTAN. THE PRESENT PROPOSALS WERE A MAJOR IMPROVEMENT, NOT ONLY IN THEIR MAGNITUDE, BUT ALSO BECAUSE OF THE INTANGIBLES EMBODIED IN THE ATTITUDES OF PRESIDENT REAGAN, SECRETARY HAIG, AND THE U.S. GOVERNMENT, WHICH ARE ALL FAR MORE CREDIBLE THAN THOSE OF A YEAR AGO. SHAHI SAID PAKISTAN IS IN A VERY DIFFICULT SITUATION. SOVIET PRESSURES AND THREATS HAVE BEEN DIRECTED AGAINST PAKISTAN; BUT PAKISTAN HAD NOT SUCCUMBED. HE EXPRESSED GREAT APPRECIATION FOR THE ADMINISTRATION'S OFFER OF ASSISTANCE AND FOR THE STATEMENTS MADE IN CONNECTION WITH THAT OFFER.

5. REGIONAL SECURITY: SHAHI SAID IT WOULD BE PREFER-

PAGE 02

SECSTATE WASHDC 0748  
RECALLEDDTG:292345Z APR 81  
TOR: 121/1003ZPSN:046440  
CSN:HCE691

\*\*\*\*\*

~~SECRET~~

\*\*\*\*\*E COPY



\*\*\*\*\*

~~SECRET~~

\*\*\*\*\*E COPY

ABLE FOR THE U.S. TO CONSTRUCT BILATERAL ARRANGEMENTS WITH GULF STATES RATHER THAN AN OVERALL, MULTILATERAL ARRANGEMENT. WITH REGARD TO "RECIPROCAL OBLIGATIONS", PAKISTAN WAS ALREADY STANDING FIRM AT CONSIDERABLE RISK ON AFGHANISTAN. PAKISTAN HAD MADE SOME COMPROMISES IN FORMULATING PROPOSALS FOR NEGOTIATIONS, BUT THESE WERE ESSENTIAL TO AVOID TOTALLY ALIENATING THE SOVIETS. THE SECRETARY SAID THAT THE UNITED STATES SEEKS TO ESTABLISH STRONGER BILATERAL RELATIONS WITH FRIENDLY STATES IN SOUTHWEST ASIA. PAKISTAN COULD BE ASSURED THAT THERE IS NO U.S. INTENT TO RE-CONSTITUTE ANY MULTILATERAL SECURITY ARRANGEMENTS ALONG THE LINES OF CENTO. NOR WAS THERE ANY U.S. INTENT TO SET UP ANY FRAMEWORK WHICH WOULD DETRACT FROM PAKISTAN'S SOVEREIGNTY. THE U.S. HAS NO STRINGS OR HIDDEN DESIRES IN MIND, WHETHER RELATING TO THE MIDDLE EAST PEACE PROCESS OR ANY OTHER AREA. THE UNITED STATES DOES NOT SEEK ANY BASES OR FACILITIES IN PAKISTAN. WE BELIEVE THAT A STRONGER PAKISTAN IN ITSELF, IS IN U.S. INTERESTS. THE U.S. SEEKS A DURABLE RELATIONSHIP WITH PAKISTAN ON A BILATERAL BASIS.

6. INDIA: SHAHI SAID WE CAN AGREE THAT THE U.S.-PAKISTAN RELATIONSHIP IS NOT DIRECTED AGAINST INDIA AND ITS SOLE OBJECTIVE IS TO NEUTRALIZE THREATS AGAINST PAKISTAN. PAKISTAN WILL CONTINUE TO TRY TO REDUCE TENSIONS WITH INDIA. HE RECALLED THAT PAKISTAN HAD ALREADY ASSURED INDIA THAT PAKISTAN IS NOT A THREAT AND HAD EVEN OFFERED TO DISCUSS WITH INDIA A MUTUALLY AGREED RATIO OF ARMS IN WHICH PAKISTAN WOULD NOT ASK FOR ANYTHING APPROACHING PARITY; INDIA HAD REJECTED THIS. NOW INDIA IS TRYING TO STOP U.S. MILITARY SALES. PAKISTAN IS CONCERNED IF IT ENTERS INTO A RELATIONSHIP WHICH COULD BE DESCRIBED AS A "MILITARY AID" RELATIONSHIP, EVEN INDIAN OPPOSITION LEADERS SUCH AS DESAI WHO HAD BEEN HELPFUL IN THE PAST, WOULD JOIN WITH MRS. GANDHI IN CRITICIZING PAKISTAN. SHAHI WAS CONCERNED THAT A DECLARATION BY THE U.S. CONGRESS THAT U.S. MILITARY CREDITS ARE "IN THE U.S. NATIONAL INTEREST" WOULD PRECIPITATE AN INDIAN BACKLASH. SECRETARY HAIG SAID THAT THE UNITED STATES HAD EARLIER, THROUGH AMBASSADOR HUMMEL, MADE IT CLEAR THAT THE UNITED STATES WOULD NOT GIVE INDIA A VETO OVER U.S. POLICIES TOWARDS PAKISTAN OR OVER SPECIFIC MILITARY HARDWARE WHICH PAKISTAN MIGHT WISH. IN HIS RECENT DISCUSSIONS WITH INDIAN MEA SECRETARY GONSALVES, HE HAD LEFT THE INDIANS IN NO DOUBT ABOUT U.S. INTENTIONS TOWARDS PAKISTAN. WE HAVE MADE IT EQUALLY CLEAR THAT WHAT WE SELL PAKISTAN IS NOT DIRECTED AGAINST INDIA BUT WAS AN ASPECT OF THE U.S.-PAKISTAN RELATIONSHIP.

PAGE 03

SECSTATE WASHDC 0748  
RECALLEDDTG:292345Z APR 81  
TOR: 121/1003ZPSN:046440  
CSN:HCE691

\*\*\*\*\*

~~SECRET~~

\*\*\*\*\*E COPY



\*\*\*\*\*

~~SECRET~~

\*\*\*\*\*E COPY

7. SECURITY ASSURANCES: SHAHI SAID THAT PRESIDENT ZIA BELIEVED THAT SOLID SECURITY WOULD REQUIRE A NEW U.S.-PAKISTAN TREATY. WERE THIS IMPOSSIBLE, ZIA WANTED THE U.S. TO CONSIDER A FRIENDSHIP AGREEMENT ALONG THE LINES OF THE INDO-SOVIET TREATY. FINALLY, SHOULD A FRIENDSHIP AGREEMENT NOT BE FEASIBLE, PAKISTAN WAS PREPARED TO STICK TO THE 1959 BILATERAL AGREEMENT WHICH PAKISTAN WOULD NOT WISH TO HAVE REAFFIRMED BY CONGRESS. UNDER THE CIRCUMSTANCES, PAKISTAN IS SATISFIED WITH THE 1959 ASSURANCES. PAKISTAN DOES NOT WISH TO SPARK ANY DEBATES IN CONGRESS. THE AGREEMENTS AND STATEMENTS OF THE REAGAN ADMINISTRATION CARRY GREAT WEIGHT WITH PAKISTAN AND THEREFORE IT IS BEST TO LEAVE THE 1959 AGREEMENT AS IS, RATHER THAN TO CREATE CONTROVERSY. THE SECRETARY SAID THAT AGREEMENTS ARE NOT NEARLY AS IMPORTANT AS RELATIONS BASED ON MUTUAL RESPECT AND CONFIDENCE. THE GREATEST DETERRENCE TO THE SOVIETS WOULD BE A SOLID RELATIONSHIP BETWEEN THE UNITED STATES AND PAKISTAN.

8. ASSISTANCE: SHAHI HAD A NUMBER OF QUESTIONS ABOUT OUR PROPOSED "PACKAGE" AND SUGGESTED A NUMBER OF ALTERNATIVE "MIXES". HE SAID PAKISTAN IS NOT CLEAR ABOUT USG PROCEDURES, BUT IS CONCERNED ABOUT THE EFFECT OF A SECURITY ASSISTANCE PROGRAM ON PAKISTAN'S NON-ALIGNMENT. IF THE USG MUST CERTIFY TO THE CONGRESS THAT A MILITARY AID PROGRAM "SERVES U.S. POLICY INTERESTS", THEN INDIA AND OTHERS WOULD USE THIS AS A PRETEXT TO DEFAME PAKISTAN AND UNDERMINE ITS NON-ALIGNED STATUS. THE MINISTER BELIEVED THAT MILITARY CREDITS WOULD COME UNDER A "SECURITY ASSISTANCE ACT" WHICH WOULD CALL PAKISTAN'S NON-ALIGNMENT INTO QUESTION. HE WENT ON TO SAY THAT PAKISTAN WOULD LIKE THE FIVE-YEAR PACKAGE EXTENDED TO EIGHT YEARS. GENERAL ARIF SAID THAT PAKISTAN ALSO WOULD LIKE US TO CONSIDER A TWO YEAR APPROPRIATION AS HAD BEEN PROPOSED BY THE CARTER ADMINISTRATION.

9. THE SECRETARY URGED THE MINISTER NOT TO LET MECHANICAL PROBLEMS BECOME ROADBLOCKS. OUR PROCEDURES SHOULD NOT BE ALLOWED TO OVERSHADOW THE MAIN ISSUES. UNDER SECRETARY BUCKLEY CLARIFIED THAT THE SAME RULES APPLY TO THE VARIOUS TYPES OF ASSISTANCE OFFERED, ALL FALL UNDER THE FOREIGN ASSISTANCE ACT, WHETHER DIRECT CREDITS OR FMS GUARANTEED LOANS: NAMELY THAT THE ASSISTANCE PROVIDED WOULD ENHANCE U.S. SECURITY

PAGE 04

SECSTATE WASHDC 0748  
RECALLEDDTG:292345Z APR 81  
TOR: 121/1003ZPSN:046440  
CSN:HCE691

\*\*\*\*\*

~~SECRET~~

\*\*\*\*\*E COPY



\*\*\*\*\*

~~SECRET~~

\*\*\*\*\*E COPY

INTERESTS. HE INDICATED THAT WE HAVE FMS CREDIT ARRANGEMENTS WITH A VARIETY OF ISLAMIC AND NON-ALIGNED COUNTRIES SUCH AS MOROCCO, TUNISIA, NORTH YEMEN, JORDAN SUDAN, INDONESIA, MALAYSIA AND OTHERS. THESE ARRANGEMENTS HAVE NOT ADVERSELY AFFECTED THEIR NON-ALIGNED STATUS. SHAHI LATER ACKNOWLEDGED THAT

PAKISTAN'S APPREHENSIONS REGARDING USE OF FMS CREDITS HAD BEEN MISTAKEN. UNDER SECRETARY BUCKLEY SAID THAT AN EIGHT YEAR PACKAGE AND A TWO YEAR COMMITMENT WOULD RAISE QUESTIONS IN CONGRESS SINCE THESE WOULD CONSTITUTE VARIANTS FROM THE CUSTOMARY ASSISTANCE REQUESTS. THEY WOULD THEREFORE BE VERY DIFFICULT TO SELL. IN TESTIFYING BEFORE CONGRESS, WE WOULD JUSTIFY ANY AID REQUEST FOR PAKISTAN ON THE BASIS OF THE SOVIET THREAT THROUGH AFGHANISTAN.

10. IT WAS AGREED THAT THE UNITED STATES WOULD DO EVERYTHING POLITICALLY POSSIBLE TO TRY TO SHAPE AN ASSISTANCE PACKAGE WHICH MEETS PAKISTAN'S OBJECTIVES. A U.S. DELEGATION WOULD VISIT PAKISTAN TO DISCUSS FURTHER THE OUT-YEAR ASSISTANCE QUESTION. SHAHI SAID THAT HE HAD BEEN AUTHORIZED BY PRESIDENT ZIA TO ACCEPT OUR OFFER OF \$100 MILLION IN ESF FOR FY 82, BUT PAKISTAN PREFERRED THAT THIS DECISION REMAIN CONFIDENTIAL FOR THE TIME BEING.

UNDER SECRETARY BUCKLEY POINTED OUT THAT ALL ASSISTANCE REMAINED CONTINGENT ON THE ADMINISTRATION'S ABILITY TO GAIN CONGRESSIONAL ASSENT TO THE PROPOSED CHANGE IN THE WAIVER PROVISION OF THE SYMINGTON AMENDMENT.

11. AIRCRAFT: SHAHI SAID PAKISTAN WAS ABOUT TO ENTER A DANGEROUS PERIOD AFTER THE START OF A NEW RELATIONSHIP WITH THE U.S. AND BEFORE THE ARRIVAL OF SUBSTANTIAL AMOUNTS OF EFFECTIVE WEAPONRY. PAKISTAN BELIEVED THAT ITS FIRST PRIORITY MILITARY PURCHASE SHOULD BE TWO SQUADRONS OF F-16S. PAKISTAN ADDITIONALLY WANTS SPEEDED UP DELIVERY AND QUICK CONVERSION COURSES FOR ITS PILOTS. TO BRIDGE THE GAP BETWEEN NOW AND THE ACTUAL DELIVERY DATE, PAKISTAN REQUESTS THAT THE U.S. PROVIDE ON "HOT LEASE" TWO SQUADRONS OF F-16S. THE SECRETARY SAID THAT A LEASE ARRANGEMENT WOULD PRESENT REAL PROBLEMS SINCE A LEASE COULD ONLY BE MADE BY DIVERTING THE AIRCRAFT FROM U.S. INVENTORIES. SUCH AN ARRANGEMENT WOULD ALSO HAVE TO BE PRESENTED TO OUR CONGRESS. HE SAID THAT HE WOULD HAVE TO DISCUSS THIS MATTER WITH THE PRESIDENT AND WITH SECRETARY WEINBERGER TO SEE WHAT

PAGE 05

SECSTATE WASHDC 0748  
RECALLEDDTG:292345Z APR 81  
TOR: 121/1003ZPSN:046440  
CSN:HCE691

\*\*\*\*\*

~~SECRET~~

\*\*\*\*\*E COPY



\*\*\*\*\*

~~SECRET~~

\*\*\*\*\*E COPY

MIGHT BE POSSIBLE. WE WOULD HAVE TO GET BACK LATER TO PAKISTAN ON THIS.

12. MILITARY SALES: UNDER SECRETARY BUCKLEY SAID THAT WE WOULD BE PREPARED TO RESPOND QUICKLY TO PAKISTANI REQUESTS FOR ARMS PURCHASES. WE HAVE RECEIVED MANY UNCOORDINATED PRICE AND AVAILABILITY REQUESTS OVER THE PAST YEAR FROM THE PAKISTAN SERVICES. WE WOULD HOPE THAT IN THE FUTURE PAKISTAN COULD PRESENT US WITH ALL-SERVICE COORDINATED LISTS WHICH ALSO REFLECT PAKISTAN'S BUDGET RESOURCES.

13. IMET: SHAHI SAID THAT PAKISTAN UNDERSTOOD WHY ONLY \$600 THOUSAND FOR IMET IN FY 82 HAD BEEN PROGRAMMED. HE REQUESTED, HOWEVER, THAT THIS FIGURE BE SUBSTANTIALLY INCREASED IN OUT-YEARS. IT WAS AGREED THAT THE U.S. WOULD MAKE EVERY EFFORT TO INCREASE IMET DURING OUT-YEARS.

14. CONTINGENCY PLANNING: SECRETARY HAIG SAID WE SHOULD START JOINT CONTINGENCY PLANNING ON INTERMEDIATE LEVEL SOVIET THREATS. WE COULD FOCUS ON DANGEROUS THREATS OF AN AMBIGUOUS NATURE SUCH AS A JOINT SOVIET-AFGHANISTAN INCURSION. THE U.S. WOULD BE PREPARED TO SEND A DELEGATION HEADED BY COUNSELOR MCFARLANE. WE UNDERSTOOD THE AGREEMENTS REACHED BY THE CARTER ADMINISTRATION, I.E., THAT PAKISTAN WOULD HANDLE LOW-LEVEL BORDER INCURSIONS WHILE, OF COURSE, OUR 1959 AGREEMENT WOULD COME INTO PLAY IN THE EVENT OF A MASSIVE SOVIET INCURSION. WE WOULD PROPOSE DISCUSSIONS ON THE MIDDLE RANGE OF POSSIBLE SOVIET ACTIONS. GENERAL ARIF RECALLED THE 1980 CONTINGENCY DISCUSSIONS. SHAHI AND GENERAL ARIF INDICATED THAT A U.S. DELEGATION WOULD BE WELCOMED IN ABOUT MID-MAY TO DISCUSS THIS AND OTHER MATTERS.

15. SAUDI ASSISTANCE: THE SECRETARY SAID THAT HE HAD DISCUSSED PAKISTAN DURING HIS RECENT VISIT TO RIYADH AND FOUND THE SAUDIS WANT TO HELP. IT IS CLEARLY IN THE U.S. INTEREST THAT PAKISTAN SHOULD RETAIN VERY CLOSE RELATIONS WITH THE SAUDIS AND OTHER FRIENDS. WE HOPE TO WORK TOGETHER TO OPTIMIZE ASSISTANCE FROM THE SAUDIS AND OTHERS. (IN A SIDE CONVERSATION, AMBASSADOR YAQUB TOLD ASST. SECRETARY DESIGNATE VELIOTES THAT SAUDI FOREIGN MINISTER SAUD HAD URGED PAKISTAN LAST WEEK TO ACCEPT THE

PAGE 06

SECSTATE WASHDC 0748  
RECALLEDDTG:292345Z APR 81 PSN:046440  
TOR: 121/1003Z CSN:HCE691

\*\*\*\*\*

~~SECRET~~

\*\*\*\*\*E COPY



\*\*\*\*\*

~~SECRET~~

\*\*\*\*\*E COPY

U.S. AID OFFER WHICH YAQUB SAID REPRESENTED A HISTORIC OPPORTUNITY FOR PAKISTAN TO SEIZE A STRATEGIC OPTION).

16. AFGHANISTAN: THE SECRETARY INDICATED THAT WE WERE WATCHING DEVELOPMENTS IN AFGHANISTAN VERY CLOSELY AND CONTINUED TO BELIEVE THAT THE BEST APPROACH WAS TO KEEP UP PUBLIC PRESSURE ON THE SOVIETS. WE WANT TO SUPPORT PAKISTAN WITHOUT ADDING TO PAKISTAN'S RISKS. THE SECRETARY ASKED WHETHER SHAHI SAW THE GISCARD PROPOSAL FOR AN INTERNATIONAL CONFERENCE AS USEFUL AT SOME LATER STAGE. SHAHI REVIEWED THE DE CUELLER MISSION AND SAID THAT HE DID NOT BELIEVE IT WOULD ACHIEVE MUCH. PAKISTAN LAUNCHED ITS INITIATIVE INVOLVING THE SECRETARY GENERAL'S REPRESENTATIVE LAST DECEMBER BECAUSE IT PERCEIVED A WEAKENING OF INTERNATIONAL INTEREST IN THE AFGHAN PROBLEM. HE RECALLED THAT THERE WAS APPREHENSION ABOUT DE CUELLAR'S EVEN TALKING WITH THE BABRAK REGIME. SHAHI SAID THAT SHOULD THE DE CUELLAR MISSION PRODUCE SOME MOVEMENT, PAKISTAN WOULD INSIST THAT HE TALK WITH AFGHAN NATIONALISTS. FOR THIS REASON, PAKISTAN WAS SEEKING TO FORM A "UNITED FRONT" OF NATIONALIST LEADERS WHO, AT PRESENT, WERE SO DIVIDED THERE WAS NO ONE DE CUELLAR MIGHT CONTACT. IN THE LONGER TERM, PAKISTAN WAS HOPEFUL THAT IN A U.S.-SOVIET SUMMIT THE UNITED STATES AND THE USSR COULD AGREE TO SOME SOVIET FACE SAVING FORMULA WHICH WOULD PERMIT SOVIET WITHDRAWAL FROM AFGHANISTAN. IF A NEUTRAL AFGHAN LEADER COULD BE FOUND ACCEPTABLE TO THE USSR PERHAPS THE SOVIETS WOULD BE WILLING TO REPLACE THE BABRAK REGIME. IN THE MEANTIME, PAKISTAN HAD NO OPTION BUT TO CONTINUE WITH DIPLOMATIC EFFORTS. HE RECALLED THAT PAKISTAN TOO HAD BEEN TAKEN BY SURPRISE BY THE GISCARD PROPOSAL WHICH PAKISTAN HAD EARLIER RAISED AS ONE POSSIBLE APPROACH TO THE PROBLEM. PAKISTAN DID NOT BELIEVE THAT THE SOVIETS WOULD BE WILLING TO ACCEPT AN INTERNATIONAL CONFERENCE. IF THEY DID, PAKISTAN WOULD BE PREPARED TO GIVE THE GISCARD INITIATIVE SERIOUS CONSIDERATION. THE SECRETARY SAID THAT WE WOULD CONTINUE TO BE IN CLOSE CONTACT REGARDING AFGHANISTAN.

17. NUCLEAR ISSUE: THE SECRETARY INDICATED THAT HE DID NOT WANT TO MAKE PAKISTAN'S NUCLEAR PROGRAM THE CENTER-PIECE OF THE U.S.-PAKISTAN DIALOGUE, BUT THE PAKISTANIS SHOULD UNDERSTAND THAT THIS ISSUE COULD MAKE IT DIFFICULT FOR THE U.S. TO SUPPORT PAKISTAN. WE WOULD NOT BE MAKING PUBLIC STATEMENTS, NOR WOULD WE HARANGUE THE PAKISTANIS PUBLICLY, BUT IT WAS A VERY REAL ISSUE. UNDER SECRETARY BUCKLEY IN DISCUSSING ASSISTANCE AND OUR PROPOSED CHANGE

PAGE 07

SECSTATE WASHDC 0748  
RECALLEDDTG:292345Z APR 81  
TOR: 121/1003ZPSN:046440  
CSN:HCE691

\*\*\*\*\*

~~SECRET~~

\*\*\*\*\*E COPY



\*\*\*\*\*

~~SECRET~~

\*\*\*\*\*E COPY

IN THE WAIVER LANGUAGE OF THE SYMINGTON AMENDMENT SAID THAT THE LATTER DID NOT MEAN THAT WE HAVE ABANDONED OUR NUCLEAR NON-PROLIFERATION POLICY. HE REITERATED THAT A CHANGE IN THE SYMINGTON AIVER WAS ESSENTIAL FOR US TO PROCEED WITH AN ASSISTANCE RELATIONSHIP WITH PAKISTAN. HE POINTED OUT THAT CONGRESSIONAL APPROVAL WOULD NOT COME EASILY.

18. FUTURE STEPS: SHAHI EXTENDED ON BEHALF OF PRESIDENT ZIA AN INVITATION TO THE SECRETARY TO VISIT PAKISTAN. THE SECRETARY INDICATED THAT HE WOULD LIKE VERY MUCH TO MAKE SUCH A VISIT WHEN HIS SCHEDULE PERMITTED. THERE WAS INCONCLUSIVE DISCUSSION ABOUT FUTURE TALKS IN ISLAMABAD BY VISITING AMERICAN DELEGATIONS TO DISCUSS THE NATURE AND SHAPE OF OUT-YEAR ASSISTANCE AND PERHAPS A POSSIBLE PAKISTANI MILITARY TEAM COMING HERE TO DISCUSS PROCUREMENT MATTERS. HAIG HAIG

BT

PAGE 08 OF 08

SECSTATE WASHDC 0748  
RECALLEDDTG:292345Z APR 81  
TOR: 121/1003ZPSN:046440  
CSN:HCE691

\*\*\*\*\*

~~SECRET~~

\*\*\*\*\*E COPY



## Suzuki Says U.S. Did Not Consult on Ending Grain Ban

By HENRY SCOTT STOKES

Special to The New York Times

TOKYO, April 28 — Prime Minister Zenko Suzuki, who will visit Washington next week, criticized the United States today for not having consulted with Japan before ending the 15-month curb on grain shipments to the Soviet Union.

"We were informed about this lifting before the action was taken," said Mr. Suzuki at a news conference with reporters for American news organizations, "but we were not consulted sufficiently in advance or asked our views on the timing of the move."

The Prime Minister also said that Japan was not given "any explanation as to the reason for the action" and he added

that "there was no move to coordinate with whatever action Japan may take on our economic sanctions against the Soviet Union."

"Therefore, I am bewildered," said the 70-year-old Prime Minister. "Frankly, I am bewildered."

### Strategy for Meeting Weakened

Mr. Suzuki's remarks on the lifting of the grain embargo appeared to reflect embarrassment that his overall design for his meeting with President Reagan has been seriously weakened. He has hoped to get away from contentious bilateral issues, notably the dispute over Japanese automobile exports to the United States, and to stress lofty goals such as the "solidarity of industrial

democracies."

Mr. Suzuki referred briefly to the auto issue, implying that Tokyo news reports that Japan will announce a program for voluntary restraint of auto shipments to the United States on Saturday are likely to be correct.

Asked about Japanese plans for defense cooperation with the United States, for which American officials have high hopes, the Prime Minister gave no hint of any major rearmament and denied that Japan would play a defense role in the Indian Ocean.

"We cannot be expected by other nations to make military contributions for the peace and stability of the world," he declared.

His main topic was relations with the

Soviet Union after the lifting of the United States' grain embargo, to which he returned at the end of the hourlong meeting.

The Japanese Government has held firm in its refusal to do business with the Soviet Union. One result of this firmness, Foreign Ministry officials said, was the loss last year of a \$350 million order for a steel plant for the Soviet Union.

The plant was to be jointly supplied by the Armco Steel Corporation of the United States and Nippon Steel. But after Japan and the United States halted credits for the project, the Creusot Loire Group of France went ahead, using state credits from Paris, to win the deal.

"I cannot help but point out that public opinion has come to the viewpoint after the U.S. action that we should re-examine sanctions against the Soviet Union," Mr. Suzuki said. But Foreign Ministry officials denied that there would be any swift change of policy.



# Japan Bluntly Critical of Reagan's Lifting of Soviet Grain Embargo

By William Chapman  
Washington Post Foreign Service

TOKYO — Prime Minister Zenko Suzuki, in a public move highly uncharacteristic for a Japanese leader, today accused the Reagan administration of failing to consult Japan before it lifted the grain embargo against the Soviet Union.

The Japanese leader's blunt criticism was particularly sharp coming as it did only days before he is to meet for the first time with President

Reagan in Washington. It added another complication to relations already burdened by disputes over automobile exports and defense spending.

Suzuki said the Reagan administration had not sought Japan's views before the embargo was lifted and that there had been no consideration as to what Japan might do about its own sanctions against Moscow.

He questioned the embargo lifting in view of continued "uncertainties" about Poland. But he hinted that

Japan would now "reexamine our own economic sanctions" because of the U.S. move.

"Frankly speaking, I was somewhat perplexed about the timing of this lifting," Suzuki told foreign reporters in a news conference this afternoon.

[In Washington, State Department spokesman Jack Cannon said, "We gave the Japanese prior notification of our decision. We were aware that the Japanese would want to be as fully informed as possible on this issue and

we took this into account both in the timing and substance of our prior notification to them." He declined to elaborate further.]

The Japanese have frequently voiced their annoyance about the lack of consultation, but such views were normally expressed indirectly in the press. Relations between the United States and Japan were strained in the early 1970s by the so-called "Nixon shocks," especially Washington's move to open relations with China without

consulting Japan. However, the Japanese leaders at the time did not resort to a news conference to make known their views.

Suzuki, speaking through an interpreter to about 20 reporters gathered in his official residence, also indicated he would draw a sharp line when he meets Reagan on what Japan can or cannot do to increase its defense forces.

He said specifically that Japan  
See SUZUKI, A18, Col. 3



24  
**SUZUKI, From A1**

would not act to "fill the void" left by the movement of some elements of the 7th Fleet to the Persian Gulf region or the Indian Ocean.

So far as is known, the United States has not made such a request, although it has consistently suggested that Japan do more to assure the safety of waters near its shores through stepped-up antisubmarine and air-defense systems.

The U.S. ambassador to Japan, Mike Mansfield, recently called on Japan to assume more responsibility for sea defense in the light of movements into the Indian Ocean by parts of the 7th Fleet. But he was not specific and the exact area the United States wants Japan to defend has been left vague.

His comments reflect a lingering unhappiness with what Japan considers unfair application of sanctions against the Soviet Union for its invasion of Afghanistan. At the U.S. urging early last year, Japan grudgingly agreed to certain economic sanctions including holding up loans and credits for several projects of considerable value to both Japan and the Soviet Union.

But for months, Japanese businessmen have complained that some European nations — principally France and West Germany — were abrogating an understanding on sanctions to get Soviet business for their own companies. The Japanese government also has expressed displeasure on occasion but has not made it a major public issue.

"Japan has rather sincerely, seriously, and steadfastly cooperated with the United States in carrying out economic sanctions against the Soviet Union," he said.

Japanese officials said later there has as yet been no change in the policy of reviewing each Soviet request for development loans and credits on a case by case basis.

Suzuki said his government was informed in advance of Reagan's announcement. He also acknowledged

that he was aware of Reagan's presidential campaign statements promising to lift the embargo.

"But we were not consulted sufficiently in advance or asked for our view as regards the timing of such a lifting or [given] any explanation as to the reasons for such an action.

"There was no move to coordinate with whatever action Japan may take in regard to our economic sanctions vis-a-vis the Soviet Union. All these had not been touched on. Therefore, frankly speaking, I was somewhat perplexed about the timing of the lifting."

Questioned about the dispute with the United States over Japanese car exports, the prime minister provided

no details. But he said that "by the time of my visit to Washington you will have seen the happy end" to the problem. There was speculation here that the government would formally announce details about "voluntary" restraint by Japanese car makers later this week.

On defense matters, the prime minister said he would tell Reagan in exact terms what Japan can and cannot do under the restrictions of its constitution, which is interpreted here to bar any military activities except those in defense of the Japanese mainland and adjacent waters.

Japan will continue to improve its defense capability, Suzuki said, but

"we will not conceive of any such notion as filling the void created by the 7th Fleet moving to the Persian Gulf or Indian Ocean, even if requested."

"We will defend our own land and territorial sea without depending excessively upon the United States and any move into the Indian Ocean for the protection of sea lanes — in other words, any such moves beyond our immediate territorial land and peripheral waters would not be permissible under our constitution."

Suzuki said he was aware of the general idea of a joint force of anti-Soviet forces in the Indian Ocean, but added that he has received no specific suggestions that Japan join in it.

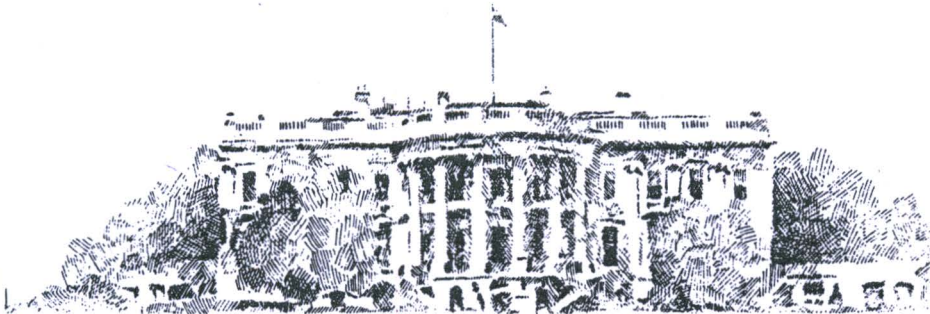


GRIFFIN CANDIDATE

(Link w/ PAKISTAN,  
AFGHANISTAN)



The White House  
and  
Executive Office of the President  
Information Center





Wash. Post



N.Y. Times (+ one Business Week art.)



MEMORANDUM

NATIONAL SECURITY COUNCIL

2332

*file grain 26*

*Pipes:*

April 30, 1981

MEMORANDUM FOR RICHARD V. ALLEN

FROM: ALLEN J. LENZ *ALJ*  
SUBJECT: Talking Points on Presidential Decision  
to Lift the Grain Embargo

Richard Pipes and I have reviewed the attached talking points (Tab A), provided by both White House Communications and Richard Darman's office, which deal with lifting the grain embargo.

At Tab I are two memoranda for your signature. The first is to Frank A. Ursomarso, Director, White House Communications; the second to Richard G. Darman. Both memoranda approve distribution of the talking points to White House Senior Staff and public affairs officials of the Cabinet.

RECOMMENDATION

That you sign the memoranda at Tab I approving distribution of subject talking points.

Approve \_\_\_\_\_

Disapprove \_\_\_\_\_

cc: Richard Pipes



THE WHITE HOUSE  
WASHINGTON

MEMORANDUM FOR RICHARD G. DARMAN

FROM: RICHARD V. ALLEN

SUBJECT: Talking Points on Presidential Decision  
to Lift the Grain Embargo

The NSC Staff has reviewed the attached talking points and has approved distribution to White House Senior Staff and public affairs officials of the Cabinet.



THE WHITE HOUSE  
WASHINGTON

MEMORANDUM FOR FRANK A. URSOMARSO

FROM: RICHARD V. ALLEN

SUBJECT: Talking Points on Presidential Decision  
to Lift the Grain Embargo

The NSC Staff has reviewed the attached talking points and has approved distribution to White House Senior Staff and public affairs officials of the Cabinet.

THE WHITE HOUSE  
WASHINGTON

## STAFFING MEMORANDUM

DATE: 4/29/81 ACTION/CONCURRENCE/COMMENT DUE BY: NOON 4/30/81  
SUBJECT: GRAIN EMBARGO

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	<input type="checkbox"/>	<input type="checkbox"/>	JAMES	<input type="checkbox"/>	<input type="checkbox"/>
MEESE	<input checked="" type="checkbox"/>	<input type="checkbox"/>	MURPHY	<input type="checkbox"/>	<input type="checkbox"/>
BAKER	<input checked="" type="checkbox"/>	<input type="checkbox"/>	NOFZIGER	<input type="checkbox"/>	<input type="checkbox"/>
DEAVER	<input type="checkbox"/>	<input type="checkbox"/>	WEIDENBAUM	<input type="checkbox"/>	<input type="checkbox"/>
STOCKMAN	<input type="checkbox"/>	<input type="checkbox"/>	CANZERI	<input type="checkbox"/>	<input type="checkbox"/>
ALLEN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	FULLER (For Cabinet)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
ANDERSON	<input type="checkbox"/>	<input type="checkbox"/>	HICKEY	<input type="checkbox"/>	<input type="checkbox"/>
BRADY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	HODSOLL	<input type="checkbox"/>	<input type="checkbox"/>
DOLE	<input type="checkbox"/>	<input type="checkbox"/>	MC COY	<input type="checkbox"/>	<input type="checkbox"/>
FIELDING	<input type="checkbox"/>	<input type="checkbox"/>	WILLIAMSON	<input type="checkbox"/>	<input type="checkbox"/>
FRIEDERSDORF	<input type="checkbox"/>	<input type="checkbox"/>	URSOMARSO	<input type="checkbox"/>	<input checked="" type="checkbox"/>
GARRICK	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
GERGEN	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
HARPER	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>

Remarks: The attached draft talking points have been prepared by the Communications Office. Would you please review for accuracy/prudence -- and edit/approve accordingly. Thank you.

Response needed by Thursday, noon.

Richard G. Darman  
Deputy Assistant to the President  
and Staff Secretary  
(x-2702)



## Talking Points On The Presidential Decision

### To Lift The Grain Embargo

President Reagan's decision to end the Soviet grain embargo fulfills a commitment of his campaign:

- The President has always been committed to its lifting when conditions would permit
- Began in-depth assessment of embargo during first days in office
- Considered trade, national security, and foreign policy factors

President Reagan decided embargo could now be lifted without any risk of misinterpretation because:

- U.S. resolve to condemn and oppose aggression and intervention is now clear and unambiguous
- Evidence has mounted that the embargo had not been effective policy tool
- Evidence also mounting that adverse impact on American farmers was not improving
- Has been some easing of tensions in Eastern Europe

The decision was made on the day announced, Friday, April 24, 1981, but international consultations were conducted to keep appropriate nations advised:

- Allies were notified at the time of decision and had been kept informed throughout previous week of considerations being given to the subject
- Soviet Union had been advised that the action was under consideration

The embargo had proved ineffective:

- U.S.S.R. imports of grain were disrupted in the early months of the embargo but over the first year, total imports from all sources were higher than ever, though imports from the U.S. were the lowest since 1977.
- American agriculture had to forego a large market for its products which remained available to producers of many other countries

The lifting of the embargo applies only to agricultural products:

- The embargo on sales of high technology industrial items remains in place; export licenses for other goods and equipment will continue to be reviewed on case-by-case basis.

The long-term grain sales agreement negotiated with the Soviets in the fall of 1975 expires on September 30th.

- Decision remains to be made on U.S. position with respect to extension or renegotiation of the agreement
- A new agreement is possible. Both U.S. and Soviets agree current agreement has served well but changes could be considered
- 8 million tons committed to be sold to Soviets under the agreement have been sold and most of it shipped to the Soviets by April 1
- Not known how much additional will be sold now. Record wheat harvest of 1980 can accomodate several extra million tons in export trade

There is no reason to expect any major adverse impact on the domestic economy resulting from this decision.

- Domestic food prices in 1981 should be relatively unaffected since any additional tonnage sold will be a small fraction of total supplies available
- Planting intentions of American farmers promise another record crop in 1982. Weather and general inflationary conditions in the economy would affect food prices more than any decision affecting 1982 exports
- Farmers should be aided by the addition of this market for their export trade

The lifting of the grain embargo does not, in and of itself, indicate change in basic U.S.-Soviet relations:

- No change in our opposition to invasion of Afghanistan
- No implication of willingness to accept status quo there
- We remain concerned about Poland and believe conditions there should be resolved by Polish people without outside intervention
- U.S. and allies remain committed to firm response of Soviets should act against Poland



24 APR 1981

April 24, 1981  
THE WHITE HOUSE  
WASHINGTON

TO: DICK ALLEN

FROM: FRANK A. URSOMARSO  
Director of Communications

*for*

☐ Information

☒ Action

If you approve, we will put the enclosed  
in distribution.

Talking Points on The Presidential Decision  
To Lift The Grain Embargo

President Reagan's decision to end the Soviet grain embargo fulfills his campaign commitment to do so:

- Has always been committed to its lifting when conditions would permit
- Began in-depth assessment of embargo during first days in office
- Considered trade, national security, and foreign policy factors
- On taking office, determined immediate lifting risked being misread by Soviets and others

President Reagan decided embargo could now be lifted without any risk of misinterpretation because:

- U.S. resolve to condemn and oppose aggression and intervention is now clear and unambiguous
- Evidence has mounted that the embargo had not been effective policy tool
- Evidence also mounting that adverse impact on American farmers was not improving
- Has been some easing of tensions in Eastern Europe

The decision was made on the day announced, Friday, April 24, 1981, but international consultations were conducted to keep appropriate nations advised:

- Allies were notified at the time of decision and had been kept informed throughout previous week of considerations being given to the subject
- Soviet Union had been advised that the action was under consideration

Assessments of the impact of the embargo have been mixed:

- U.S.S.R. imports of grain were disrupted in the early months of the embargo but over the first year, total imports from all sources were higher than ever, though imports from the U.S. were the lowest since 1977.
- American agriculture had to forego a large market for its products which remained available to producers of many other countries



The lifting of the embargo applies only to agricultural products:

- The embargo on sales of high technology industrial items remains in place and export licenses for other goods and equipment will continue to be reviewed on case-by-case basis.

The long-term grain sales agreement negotiated with the Soviets in the fall of 1975 expires on September 30th.

- Decision remains to be made on US position with respect to extension or renegotiation of the agreement
- A new agreement is possible. Both US and Soviets agree current agreement has served well but changes could be considered in:
  - o 6 million ton minimum sales requirement
  - o Provision voiding minimum requirement if domestic crop below 225 million tons
- 8 million tons committed to be sold to Soviets under the agreement have been sold and most of it shipped to the Soviets by April 1.
- Not known how much additional will be sold now. Record wheat harvest of 1980 can accomodate several extra million tons in export trade

There is no reason to expect any major adverse impact on the domestic economy resulting from this decision

- Domestic food prices in 1981 should be relatively unaffected since any additional tonnage sold will be a small fraction of total supplies available
- in 1982, planting intentions of American farmers promise another record crop. Weather and general inflationary conditions in the economy would affect food prices more than any decision affecting 1982 exports
- farmers should be aided by the addition of this market for their export trade

Promised by the President, the lifting of the grain embargo does not, in and of itself, indicate change in basic U.S.-Soviet relations:

- No change in our opposition to invasion of Afghanistan
- No implication of willingness to accept status quo there

- We remain concerned about Poland and believe conditions there should be resolved by Polish people without outside intervention
- U.S. and allies remain committed to firm response if Soviets should act against Poland



*Pipes 36  
file Grain*

## NATIONAL SECURITY COUNCIL

April 30, 1981

MEMORANDUM FOR RICHARD V. ALLEN

FROM: ALLEN J. LENZ *ALJ*  
SUBJECT: Talking Points on Presidential Decision  
to Lift the Grain Embargo

Richard Pipes and I have reviewed the attached talking points (Tab A), provided by both White House Communications and Richard Darman's office, which deal with lifting the grain embargo.

At Tab I are two memoranda for your signature. The first is to Frank A. Ursomarso, Director, White House Communications; the second to Richard G. Darman. Both memoranda approve distribution of the talking points to White House Senior Staff and public affairs officials of the Cabinet.

RECOMMENDATION

That you sign the memoranda at Tab I approving distribution of subject talking points.

Approve \_\_\_\_\_

Disapprove \_\_\_\_\_

cc: Richard Pipes

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR RICHARD G. DARMAN

FROM: RICHARD V. ALLEN

SUBJECT: Talking Points on Presidential Decision  
to Lift the Grain Embargo

The NSC Staff has reviewed the attached talking points and has approved distribution to White House Senior Staff and public affairs officials of the Cabinet.



THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR FRANK A. URSOMARSO

FROM: RICHARD V. ALLEN

SUBJECT: Talking Points on Presidential Decision  
to Lift the Grain Embargo

The NSC Staff has reviewed the attached talking points and has approved distribution to White House Senior Staff and public affairs officials of the Cabinet.

THE WHITE HOUSE  
WASHINGTON

STAFFING MEMORANDUM

DATE: 4/29/81ACTION/CONCURRENCE/COMMENT DUE BY: NOON 4/30/81SUBJECT: GRAIN EMBARGO

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	<input type="checkbox"/>	<input type="checkbox"/>	JAMES	<input type="checkbox"/>	<input type="checkbox"/>
MEESE	<input checked="" type="checkbox"/>	<input type="checkbox"/>	MURPHY	<input type="checkbox"/>	<input type="checkbox"/>
BAKER	<input checked="" type="checkbox"/>	<input type="checkbox"/>	NOFZIGER	<input type="checkbox"/>	<input type="checkbox"/>
DEAVER	<input type="checkbox"/>	<input type="checkbox"/>	WEIDENBAUM	<input type="checkbox"/>	<input type="checkbox"/>
STOCKMAN	<input type="checkbox"/>	<input type="checkbox"/>	CANZERI	<input type="checkbox"/>	<input type="checkbox"/>
ALLEN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	FULLER (For Cabinet)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
ANDERSON	<input type="checkbox"/>	<input type="checkbox"/>	HICKEY	<input type="checkbox"/>	<input type="checkbox"/>
BRADY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	HODSOLL	<input type="checkbox"/>	<input type="checkbox"/>
DOLE	<input type="checkbox"/>	<input type="checkbox"/>	MC COY	<input type="checkbox"/>	<input type="checkbox"/>
FIELDING	<input type="checkbox"/>	<input type="checkbox"/>	WILLIAMSON	<input type="checkbox"/>	<input type="checkbox"/>
FRIEDERSDORF	<input type="checkbox"/>	<input type="checkbox"/>	URSOMARSO	<input type="checkbox"/>	<input checked="" type="checkbox"/>
GARRICK	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
GERGEN	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
HARPER	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>

Remarks: The attached draft talking points have been prepared by the Communications Office. Would you please review for accuracy/prudence -- and edit/approve accordingly. Thank you.

Response needed by Thursday, noon.

Richard G. Darman  
Deputy Assistant to the President  
and Staff Secretary  
(x-2702)



40

Talking Points On The Presidential Decision

To Lift The Grain Embargo

President Reagan's decision to end the Soviet grain embargo fulfills a commitment of his campaign:

- The President has always been committed to its lifting when conditions would permit
- Began in-depth assessment of embargo during first days in office
- Considered trade, national security, and foreign policy factors

President Reagan decided embargo could now be lifted without any risk of misinterpretation because:

- U.S. resolve to condemn and oppose aggression and intervention is now clear and unambiguous
- Evidence has mounted that the embargo had not been effective policy tool
- Evidence also mounting that adverse impact on American farmers was not improving
- Has been some easing of tensions in Eastern Europe

The decision was made on the day announced, Friday, April 24, 1981, but international consultations were conducted to keep appropriate nations advised:

- Allies were notified at the time of decision and had been kept informed throughout previous week of considerations being given to the subject
- Soviet Union had been advised that the action was under consideration

The embargo had proved ineffective:

- U.S.S.R. imports of grain were disrupted in the early months of the embargo but over the first year, total imports from all sources were higher than ever, though imports from the U.S. were the lowest since 1977.
- American agriculture had to forego a large market for its products which remained available to producers of many other countries

The lifting of the embargo applies only to agricultural products:

- The embargo on sales of high technology industrial items remains in place; export licenses for other goods and equipment will continue to be reviewed on case-by-case basis.

The long-term grain sales agreement negotiated with the Soviets in the fall of 1975 expires on September 30th.

- Decision remains to be made on U.S. position with respect to extension or renegotiation of the agreement
- A new agreement is possible. Both U.S. and Soviets agree current agreement has served well but changes could be considered
- 8 million tons committed to be sold to Soviets under the agreement have been sold and most of it shipped to the Soviets by April 1
- Not known how much additional will be sold now. Record wheat harvest of 1980 can accomodate several extra million tons in export trade

There is no reason to expect any major adverse impact on the domestic economy resulting from this decision.

- Domestic food prices in 1981 should be relatively unaffected since any additional tonnage sold will be a small fraction of total supplies available
- Planting intentions of American farmers promise another record crop in 1982. Weather and general inflationary conditions in the economy would affect food prices more than any decision affecting 1982 exports
- Farmers should be aided by the addition of this market for their export trade

The lifting of the grain embargo does not, in and of itself, indicate change in basic U.S.-Soviet relations:

- No change in our opposition to invasion of Afghanistan
- No implication of willingness to accept status quo there
- We remain concerned about Poland and believe conditions there should be resolved by Polish people without outside intervention
- U.S. and allies remain committed to firm response of Soviets should act against Poland



42

24 APR 1981

April 24, 1981  
THE WHITE HOUSE  
WASHINGTON

TO: DICK ALLEN

FROM: FRANK A. URSOMARSO  
*Director of Communications*

*few*

☐ Information

☒ Action

If you approve, we will put the enclosed  
in distribution.

Talking Points on The Presidential Decision  
To Lift The Grain Embargo

President Reagan's decision to end the Soviet grain embargo fulfills his campaign commitment to do so:

- Has always been committed to its lifting when conditions would permit
- Began in-depth assessment of embargo during first days in office
- Considered trade, national security, and foreign policy factors
- On taking office, determined immediate lifting risked being misread by Soviets and others

President Reagan decided embargo could now be lifted without any risk of misinterpretation because:

- U.S. resolve to condemn and oppose aggression and intervention is now clear and unambiguous
- Evidence has mounted that the embargo had not been effective policy tool
- Evidence also mounting that adverse impact on American farmers was not improving
- Has been some easing of tensions in Eastern Europe

The decision was made on the day announced, Friday, April 24, 1981, but international consultations were conducted to keep appropriate nations advised:

- Allies were notified at the time of decision and had been kept informed throughout previous week of considerations being given to the subject
- Soviet Union had been advised that the action was under consideration

Assessments of the impact of the embargo have been mixed:

- U.S.S.R. imports of grain were disrupted in the early months of the embargo but over the first year, total imports from all sources were higher than ever, though imports from the U.S. were the lowest since 1977.
- American agriculture had to forego a large market for its products which remained available to producers of many other countries



The lifting of the embargo applies only to agricultural products:

- The embargo on sales of high technology industrial items remains in place and export licenses for other goods and equipment will continue to be reviewed on case-by-case basis.

The long-term grain sales agreement negotiated with the Soviets in the fall of 1975 expires on September 30th.

- Decision remains to be made on US position with respect to extension or renegotiation of the agreement
- A new agreement is possible. Both US and Soviets agree current agreement has served well but changes could be considered in:
  - o 6 million ton minimum sales requirement
  - o Provision voiding minimum requirement if domestic crop below 225 million tons
- 8 million tons committed to be sold to Soviets under the agreement have been sold and most of it shipped to the Soviets by April 1.
- Not known how much additional will be sold now. Record wheat harvest of 1980 can accomodate several extra million tons in export trade

There is no reason to expect any major adverse impact on the domestic economy resulting from this decision

- Domestic food prices in 1981 should be relatively unaffected since any additional tonnage sold will be a small fraction of total supplies available
- in 1982, planting intentions of American farmers promise another record crop. Weather and general inflationary conditions in the economy would affect food prices more than any decision affecting 1982 exports
- farmers should be aided by the addition of this market for their export trade

Promised by the President, the lifting of the grain embargo does not, in and of itself, indicate change in basic U.S.-Soviet relations:

- No change in our opposition to invasion of Afghanistan
- No implication of willingness to accept status quo there

- We remain concerned about Poland and believe conditions there should be resolved by Polish people without outside intervention
- U.S. and allies remain committed to firm response if Soviets should act against Poland



FROM: DOBRIANSKY

# 2323

STEARMAN

46

COMMENTS

> DRAFT LETTER: SUBJECT TO REVISION AND COMPRESSION

Dear Ms. McKay:

Thank you for your letter of April 24 expressing your concern about this Administration's plans to uplift the grain embargo.

As you know, the President's decision to end the Soviet grain embargo fulfills a commitment of his campaign. It has been his concern that the embargo was imposing an unfair burden on the U.S. farmer and that it has not been effective. Thus, by lifting the embargo, the President is fulfilling his pledge to the American people. ~~Until now,~~ <sup>until now</sup> The President delayed action <sup>A</sup> to allow for Administration review of the embargo policy and because he believed the embargo could be lifted <sup>presently</sup> <sup>A</sup> without any risk of misinterpretation by the Soviet Union.

You should not perceive the lifting of the embargo as a weakening of our position towards the Soviet Union. That is, this decision does not reflect a change in U.S. opposition to the Soviet invasion of Afghanistan, diminished U.S. resolve to seek a political solution or an acceptance of the status quo there. Rather, it is the intent of this Administration to persevere in those efforts which will achieve a political settlement founded upon the withdrawal of Soviet troops.

First, the President's decision encompasses only the lifting of the partial embargo on agricultural products and the related embargo on phosphates. However, other Afghan-related sanction measures remain in place. For example, the embargo on sales of high technology

industrial items will be enforced and export licenses for other goods and equipment will continue to be reviewed on a case-by-case basis.

Second, President Reagan has not excluded possible U.S. military assistance to the rebels, which is currently under this Administration's review. However, differences remain between the Pakistanis and us regarding the aid to the Afghan resistance. The Pakistanis have maintained that such involvement on their part would foster reprisals from the Soviet Union. Thus, we are in the midst of concluding a 5-year program of American aid to Pakistan to strengthen it as a bulwark against the Soviets in Afghanistan. Approximately, \$500 million ~~per-year~~ of economic assistance and arms sales credits will be extended each year.

In sum, the lifting of the grain embargo should clearly not be taken as any indication of the Administration's neglect toward the Afghan freedom fighters.



Thank you very much for your letter of ~~March~~ April 24

(1) Thank you for your letter of April 24 expressing your concern about this Administration's plans to ~~uplift~~ <sup>lift</sup> the grain embargo.

(2) As you know the President's decision to end the Soviet grain embargo fulfills a commitment of his campaign. It has been his concern that the embargo was imposing an unfair burden on the U.S. farmer & that it has not been effective. Thus, by lifting the embargo, the Pres. is fulfilling his pledge to the American people.

The Pres. delayed action until now to allow <sup>for Administr.</sup> ~~review~~ <sup>reviewal</sup> of the embargo policy & because he believed that the embargo could be lifted w/out any risk of <sup>mis</sup>interpretation. That is, he believed an immediate termin. of the embargo would be misinterpreted by the USSR.

↓  
(does not diminish US resolve)  
The decision to lift the grain embargo however, does not indicate any change in the opposit.



DECLASSIFIED IN PART

NLRR F06-11419 #9987

BY RW NARA DATE 3/16/11

~~SECRET~~ [REDACTED]

GRAIN EMBARGO

FOIA(b)(1)(3)

Addendum

Reaction to Lifting the Grain Embargo

Elimination of the US grain embargo has provoked more response from US allies than from the USSR. The next step for Moscow is to figure out how best to capitalize on the US announcement. [REDACTED]

Allied Response: Although some Western governments have questioned the timing of the US decision, they have all acted quickly to protect their commercial interests. The EC has eliminated restrictions on sales to the USSR and will resume subsidies. [REDACTED] who were taking advantage of the US embargo to pry better terms out of Moscow for grain, have dropped that tactic and reportedly rushed to sign a 5-year agreement last week. [REDACTED] with no grain of its own to sell now, has stayed out of the picture. [REDACTED]

The lifting of the grain embargo is beginning to affect other aspects of the post-Afghanistan sanctions. [REDACTED] already is arguing that US lifting of the grain embargo gives [REDACTED] a freer hand in selling high-technology products to the USSR. The credit restrictions imposed after Afghanistan are also at risk, but nothing has yet happened on this front. West European decisions on whether or not to extend credits depend more on the terms Moscow demands than on what Washington does. [REDACTED]

Soviet Response: Initial Soviet reaction to the lifting of the US grain embargo has been low key. As it has since the embargo was first imposed in January 1980, Soviet media are portraying the sanctions as ineffective. Moscow has cited the costs suffered by US farmers as being instrumental in the President's decision. The USSR has also asserted that the embargo has hurt prospects for US foreign trade by showing the United States to be an unreliable trading partner. [REDACTED]

The Soviet leadership probably does not view the grain decision as a weakening of the US Administration's stance toward the USSR. Rather they view it as a response to domestic political pressures and as a resolve to carry through on the campaign pledge. In this regard, Moscow may now believe other campaign pledges--including a tough stance by the US on other issues such as SALT negotiations and an increase in US military expenditures--are a distinct possibility. Nor does Moscow probably exaggerate its influence on US decisions. [REDACTED]

The leadership realizes that Soviet lobbying and protestations of nondamage to the Soviet economy have little or no influence on political constituencies in the United States. Nevertheless, it probably believes that whatever efforts the USSR

~~SECRET~~ [REDACTED]



~~SECRET~~ [REDACTED]

can muster--private high-level letters, access to US media, contacts in Washington, and official Soviet statements--are worthwhile. The Soviets regard the US Administration as pro-business and will continue their efforts to enlist US firms to lobby for an easing of the technology sanctions. [REDACTED]

The Grain Question: Whether the end of the embargo will soon result in additional sales of US grain to the Soviet Union is far from certain. [REDACTED]

[REDACTED] Although Moscow could increase handling capacity slightly by taking more US grain, it would have to defer deliveries of grain already purchased elsewhere. Argentina would be the likely candidate. [REDACTED]

Long Term Issues: In considering a long-term grain agreement, Moscow believes its negotiating position is stronger now than it was when the first such agreement was concluded in 1975. Their thinking is influenced by the fact that they are completing a year of record grain imports even though purchases from the US were constrained. [REDACTED]

In negotiating a new LTA, the USSR would no doubt demand a US guarantee of grain deliveries. But Moscow does not have all the high cards. [REDACTED]

[REDACTED] the United States would be needed as a safety valve even if it is regarded as a residual supplier. [REDACTED]

~~SECRET~~ [REDACTED]

MEMORANDUM

— GRAIN EMBARGO

2332

53

THE WHITE HOUSE

WASHINGTON

May 4, 1981

*→ [Signature]*

MEMORANDUM FOR RICHARD G. DARMAN

FROM:

RICHARD V. ALLEN *for*

SUBJECT:

Talking Points on Presidential Decision  
to Lift the Grain Embargo

The NSC Staff has reviewed the attached talking points and has approved distribution to White House Senior Staff and public affairs officials of the Cabinet.

*2/ attachment*



MEMORANDUM

2332

THE WHITE HOUSE

WASHINGTON

May 4, 1981

MEMORANDUM FOR FRANK A. URSOMARSO

FROM: RICHARD V. ALLEN *for*

SUBJECT: Talking Points on Presidential Decision  
to Lift the Grain Embargo

The NSC Staff has reviewed the attached talking points and has approved distribution to White House Senior Staff and public affairs officials of the Cabinet.

*w/attachment*

*5/4 to Ursomarsos 1700 54  
(air mail)*

THE WHITE HOUSE  
WASHINGTON

STAFFING MEMORANDUM

DATE: 4/29/81 ACTION/CONCURRENCE/COMMENT DUE BY: NOON 4/30/81

SUBJECT: GRAIN EMBARGO

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	<input type="checkbox"/>	<input type="checkbox"/>	JAMES	<input type="checkbox"/>	<input type="checkbox"/>
MEESE	<input checked="" type="checkbox"/>	<input type="checkbox"/>	MURPHY	<input type="checkbox"/>	<input type="checkbox"/>
BAKER	<input checked="" type="checkbox"/>	<input type="checkbox"/>	NOFZIGER	<input type="checkbox"/>	<input type="checkbox"/>
DEAVER	<input type="checkbox"/>	<input type="checkbox"/>	WEIDENBAUM	<input type="checkbox"/>	<input type="checkbox"/>
STOCKMAN	<input type="checkbox"/>	<input type="checkbox"/>	CANZERI	<input type="checkbox"/>	<input type="checkbox"/>
ALLEN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	FULLER (For Cabinet)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
ANDERSON	<input type="checkbox"/>	<input type="checkbox"/>	HICKEY	<input type="checkbox"/>	<input type="checkbox"/>
BRADY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	HODSOLL	<input type="checkbox"/>	<input type="checkbox"/>
DOLE	<input type="checkbox"/>	<input type="checkbox"/>	MC COY	<input type="checkbox"/>	<input type="checkbox"/>
FIELDING	<input type="checkbox"/>	<input type="checkbox"/>	WILLIAMSON	<input type="checkbox"/>	<input type="checkbox"/>
FRIEDERSDORF	<input type="checkbox"/>	<input type="checkbox"/>	URSOMARSO	<input type="checkbox"/>	<input checked="" type="checkbox"/>
GARRICK	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
GERGEN	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
HARPER	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>

Remarks: The attached draft talking points have been prepared by the Communications Office. Would you please review for accuracy/prudence -- and edit/approve accordingly. Thank you.

Response needed by Thursday, noon.

Richard G. Darman  
Deputy Assistant to the President  
and Staff Secretary  
(x-2702)



## Talking Points On The Presidential Decision

### To Lift The Grain Embargo

President Reagan's decision to end the Soviet grain embargo fulfills a commitment of his campaign:

- The President has always been committed to its lifting when conditions would permit
- Began in-depth assessment of embargo during first days in office
- Considered trade, national security, and foreign policy factors

President Reagan decided embargo could now be lifted without any risk of misinterpretation because:

- U.S. resolve to condemn and oppose aggression and intervention is now clear and unambiguous
- Evidence has mounted that the embargo had not been effective policy tool
- Evidence also mounting that adverse impact on American farmers was not improving
- Has been some easing of tensions in Eastern Europe

The decision was made on the day announced, Friday, April 24, 1981, but international consultations were conducted to keep appropriate nations advised:

- Allies were notified at the time of decision and had been kept informed throughout previous week of considerations being given to the subject
- Soviet Union had been advised that the action was under consideration

The embargo had proved ineffective:

- U.S.S.R. imports of grain were disrupted in the early months of the embargo but over the first year, total imports from all sources were higher than ever, though imports from the U.S. were the lowest since 1977.
- American agriculture had to forego a large market for its products which remained available to producers of many other countries

The lifting of the embargo applies only to agricultural products:

- The embargo on sales of high technology industrial items remains in place; export licenses for other goods and equipment will continue to be reviewed on case-by-case basis.

The long-term grain sales agreement negotiated with the Soviets in the fall of 1975 expires on September 30th.

- Decision remains to be made on U.S. position with respect to extension or renegotiation of the agreement
- A new agreement is possible. Both U.S. and Soviets agree current agreement has served well but changes could be considered
- 8 million tons committed to be sold to Soviets under the agreement have been sold and most of it shipped to the Soviets by April 1
- Not known how much additional will be sold now. Record wheat harvest of 1980 can accomodate several extra million tons in export trade

There is no reason to expect any major adverse impact on the domestic economy resulting from this decision.

- Domestic food prices in 1981 should be relatively unaffected since any additional tonnage sold will be a small fraction of total supplies available
- Planting intentions of American farmers promise another record crop in 1982. Weather and general inflationary conditions in the economy would affect food prices more than any decision affecting 1982 exports
- Farmers should be aided by the addition of this market for their export trade

The lifting of the grain embargo does not, in and of itself, indicate change in basic U.S.-Soviet relations:

- No change in our opposition to invasion of Afghanistan
- No implication of willingness to accept status quo there
- We remain concerned about Poland and believe conditions there should be resolved by Polish people without outside intervention
- U.S. and allies remain committed to firm response of Soviets should act against Poland



750-0830 6

Talking Points on The Presidential Decision

To Lift The Grain Embargo

President Reagan's decision to end the Soviet grain embargo fulfills his campaign commitment to do so:

- Has always been committed to its lifting when conditions would permit
- Began in-depth assessment of embargo during first days in office
- Considered trade, national security, and foreign policy factors
- On taking office, determined immediate lifting risked being misread by Soviets and others

President Reagan decided embargo could now be lifted without any risk of misinterpretation because:

- U.S. resolve to condemn and oppose aggression and intervention is now clear and unambiguous
- Evidence has mounted that the embargo had not been effective policy tool
- Evidence also mounting that adverse impact on American farmers was not improving
- Has been some easing of tensions in Eastern Europe

The decision was made on the day announced, Friday, April 24, 1981, but international consultations were conducted to keep appropriate nations advised:

- Allies were notified at the time of decision and had been kept informed throughout previous week of considerations being given to the subject
- Soviet Union had been advised that the action was under consideration

Assessments of the impact of the embargo have been mixed:

- U.S.S.R. imports of grain were disrupted in the early months of the embargo but over the first year, total imports from all sources were higher than ever, though imports from the U.S. were the lowest since 1977.
- American agriculture had to forego a large market for its products which remained available to producers of many other countries

The lifting of the embargo applies only to agricultural products:

- The embargo on sales of high technology industrial items remains in place and export licenses for other goods and equipment will continue to be reviewed on case-by-case basis.

The long-term grain sales agreement negotiated with the Soviets in the fall of 1975 expires on September 30th.

- Decision remains to be made on US position with respect to extension or renegotiation of the agreement
- A new agreement is possible. Both US and Soviets agree current agreement has served well but changes could be considered in:
  - o 6 million ton minimum sales requirement
  - o Provision voiding minimum requirement if domestic crop below 225 million tons
- 8 million tons committed to be sold to Soviets under the agreement have been sold and most of it shipped to the Soviets by April 1.
- Not known how much additional will be sold now. Record wheat harvest of 1980 can accomodate several extra million tons in export trade

There is no reason to expect any major adverse impact on the domestic economy resulting from this decision

- Domestic food prices in 1981 should be relatively unaffected since any additional tonnage sold will be a small fraction of total supplies available
- in 1982, planting intentions of American farmers promise another record crop. Weather and general inflationary conditions in the economy would affect food prices more than any decision affecting 1982 exports
- farmers should be aided by the addition of this market for their export trade

Promised by the President, the lifting of the grain embargo does not, in and of itself, indicate change in basic U.S.-Soviet relations:

- No change in our opposition to invasion of Afghanistan
- No implication of willingness to accept status quo there



- We remain concerned about Poland and believe conditions there should be resolved by Polish people without outside intervention
- U.S. and allies remain committed to firm response if Soviets should act against Poland


MEMORANDUM

2332

## NATIONAL SECURITY COUNCIL

April 30, 1981

MEMORANDUM FOR RICHARD V. ALLEN

FROM: ALLEN J. LENZ 

SUBJECT: Talking Points on Presidential Decision  
to Lift the Grain Embargo

Richard Pipes and I have reviewed the attached talking points (Tab A), provided by both White House Communications and Richard Darman's office, which deal with lifting the grain embargo.

At Tab I are two memoranda for your signature. The first is to Frank A. Ursomarso, Director, White House Communications; the second to Richard G. Darman. Both memoranda approve distribution of the talking points to White House Senior Staff and public affairs officials of the Cabinet.

RECOMMENDATION

That you sign the memoranda at Tab I approving distribution of subject talking points.

Approve



Disapprove

---

SIGNED  
5/4/81

cc: Richard Pipes





5/4/81

64

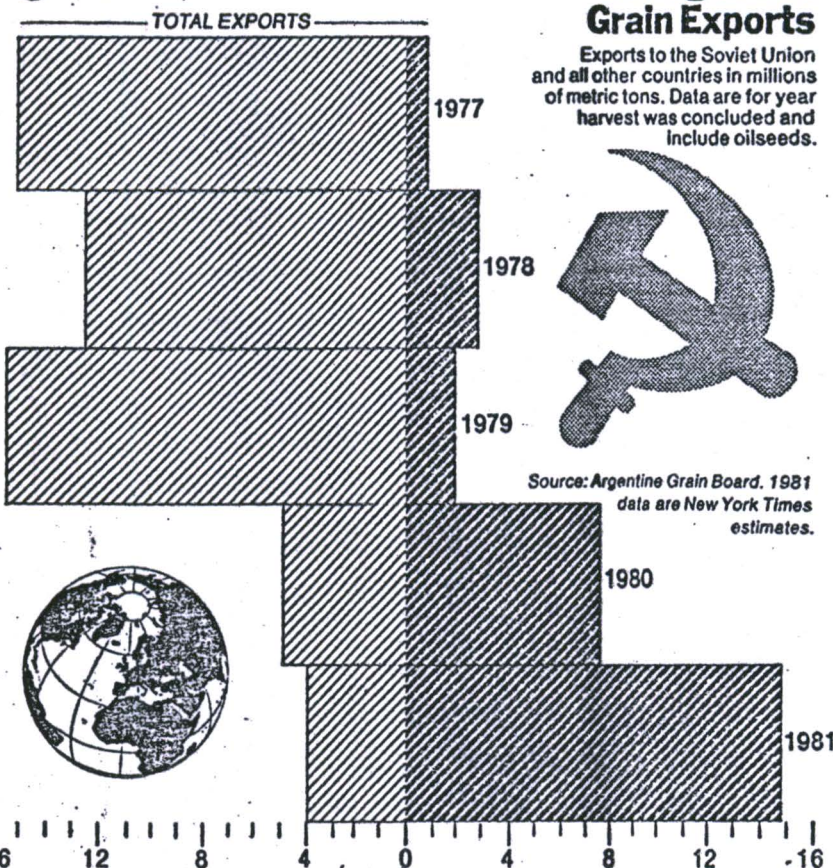
FROM THE DESK OF

SHARON KISSEL

Paula -  
This is in today's  
NY Times

(Room 368)

EXPORTS TO THE SOVIET UNION  
EXPORTS TO ALL OTHER COUNTRIES



*New York Times, 5/4/81 Pg. D1*

## End of Grain Curb Worries Argentina

By EDWARD SCHUMACHER

Special to The New York Times

**BUENOS AIRES, May 3** — It is now autumn in the Southern Hemisphere and Argentine farmers are just completing the largest harvest in their country's history: some 35 million metric tons of corn, wheat and other grains.

The ports here are backed up for weeks as ships stream in to carry away the valuable food cargo from the world's third-largest grain exporter.

Argentina has benefited tremendously from its decision 15 months ago to ignore an appeal by the United States to join in a curtailment of grain shipments to the Soviet Union. But President Reagan's decision last week to end the grain curb casts a shadow of apprehension over the booming ports.

### Increased Sales Sharply

"We have to wait and see what is going to happen on the Chicago futures market and what the Russians are going to do," said Carlos P. Chevallier-

Boutell, chief economist at the Argentine Grain Board.

Argentina last year sold 7.6 million metric tons of grain to the Soviet Union, about four times as much as the year before. This year, it expected to sell the Soviet Union up to 15 million tons, or almost 80 percent of its total grain exports.

Argentine grain suppliers largely stepped into the breach created by the grain curb, an opportunism that United States officials charged largely undermined the American action. The Argentines say, however, that the Soviet trade was crucial to their economy last year. They say it prevented a poor year of zero growth from turning into a disaster. Moreover, they say, they were not consulted before the curtailment was imposed and they had predicted that it would be futile anyway.

President Reagan's announcement ending the curb was met with some smugness here. "Politics has a lot to say in international economic affairs," said one grain trader. "If I were the

Continued on Page D4



# Argentina Is Concerned About Grain Curb End

Continued From First Business Page

Russians, I would now teach the Americans a lesson and not buy from them."

But the Argentines are not the Russians and they now face new competition for the lucrative Soviet market from the United States and from Canada, Australia and other Western countries that joined the grain curb. France has announced that it would sell 600,000 tons of grains to the Soviet Union.

But if American farmers are pleased with the lifting of the curb, they will find that the Argentines have been preparing for a fight. Argentina concluded a five-year agreement with the Soviet Union last year to provide a minimum of 4.5 million tons of feed grains a year. Argentina has already sold that much plus 2.2 million tons more in wheat to the Soviet Union so far this year, Mr. Chevallier-Boutell said.

The Argentines, however, are relying on selling much more to the Soviet Union, and the Russians are not buying as much as the Argentines had hoped. This year's huge harvest adds to the fear that the country could be stuck with a glut of grains that it may have to sell at low prices.

"It's all part of the risks you have to run in this business," said Carlos Guietz, trade manager of Bunge y Born, one of the big five grain trading companies here that have prospered as a result of the grain curb.

The leading grain trading companies are the Continental Grain Company, Cargill Inc., Dreyfus, Bunge y Born and La Plata. Because they are privately held, no revenues or profits figures are available, and it is difficult to

determine how the companies rank in relation to each other.

Argentine traders say they still expect the Soviet Union to buy the bulk of their harvest and that the Russians are going slow in order to judge the size of their own projected large harvest this year. The Argentines, nonetheless, are anxiously waiting to see what new agreement the United States will negotiate with the Soviet Union to replace the one that expires in September.

Argentina has a disadvantage of being far from the major world markets, creating a transportation cost that is aggravated by poor port facilities, creating the current logjam.

Argentina traditionally sells its grains at a little below world prices to make up for the transportation. Last year, it forced the Soviet Union to pay well above world prices, but already Argentine prices have fallen to their old relative levels. The Soviet Union is buying Argentine corn, for example, at roughly \$10 a ton below world prices, forcing the Argentine Grain Board to step in and set a floor price of roughly \$110 a ton.

Despite last year's boom, farmers have been hurt by interest rates of up to 150 percent a year that reflect the country's virulent inflation. Almost three-fourths of the nation's export earnings are from agriculture, and the country ended last year with a balance-of-payments deficit of almost \$5 million. A 30 percent currency devaluation to help increase exports was announced last month.

The Government also has renewed a grain export agreement with China for one million tons of wheat and soybeans a year and signed an agreement with Mexico for one million tons of sorghum and soybeans a year. Last week, it announced a five-year agreement to export up to 100,000 tons of beef a year to the Soviet Union, an agreement that could bring in as much as \$1 billion.

The Government hopes that these measures — and attempts to recapture some smaller markets that it dropped to sell to the Soviet Union — will help it overcome the re-entry of the United States into Soviet grain trade.

May 15, 1981

INFORMATION

MEMORANDUM FOR RICHARD V. ALLEN

FROM:

DOUGLAS FEITH *DF*

SUBJECT:

The US Grain Embargo and Economic Threats

No one in the administration, I assume, is eager to enter further discussions of the decision to lift the grain embargo against the Soviet Union. Nevertheless, some such discussions are inevitable and what follows will aid administration officials in using grain embargo queries to promote a diplomatically useful point of view regarding economic threats against the United States and its allies.

The grain embargo against the Soviet Union was an empty gesture (as such, it symbolized the previous administration's approach to dealing with the Kremlin). It distressed U.S. farmers, who resented the disruption of their business, but it had insubstantial economic effect on the Soviet Union. It neither restricted the amount of grain the Soviets could import nor increased substantially the costs of such imports. The embargo was economically insignificant because (1) a number of nations besides the United States export wheat, (2) a simple declaration that one exporter refuses to sell to a given country does not affect the total amount of wheat in the international export "pool", hence the market clearing price of that wheat does not change, and (3) in any event, it is impossible to monitor and prevent resale of a fungible commodity like wheat. In short, the U.S. grain embargo demonstrated once again that selective embargoes of basic commodities do not work (i.e., do not penalize the "target" nation).

This analysis applies to oil as well as wheat, as was proved by both the 1973-74 Arab embargo of the United States and the Netherlands and the 1979 Iranian embargo of the United States.

By publicly displaying that they understand the economics of selective embargoes of commodities like wheat and oil, U.S. officials would (1) put potential sources of embargo threats on notice that Washington will not be cowed by bluster,



(2) educate our allies, and (3) reduce the likelihood of costly panic here in the United States in the event of an announced anti-US embargo in the future. Overall, the effect would be to free the administration of the constraints placed upon its diplomacy by ungrounded fears of embargo.

cc: Norman Bailey  
Richard Pipes

*Paula Dobriansky*