

United States Senate

WASHINGTON, DC 20510

August 4, 1986

Honorable Richard E. Lyng
Secretary
Department of Agriculture
Washington, D.C. 20250

Dear Dick:

I appreciate your efforts to increase Administration support for a more effective and competitive export program for U.S. agricultural commodities and products. The announcement last Friday that wheat will be sold to the Soviet Union at world prices under the current year of the Long-Term Agreement (LTA) is a positive step that could result in an upturn in wheat exports if the Soviets take advantage of the program during the next two months.

At the same time, the potential movement of competitively-priced wheat into export will complicate and could have an adverse impact on markets and prices for corn, other feed grains, and soybeans. There is already very little activity in Midwest feed markets, and the lack of available storage capacity promises to trigger a major crisis during this Fall's bumper harvest. As I stated in my July 18 letter to you, we need to act quickly to encourage movement of grain and soybean stocks out of critical production areas and into emergency storage.

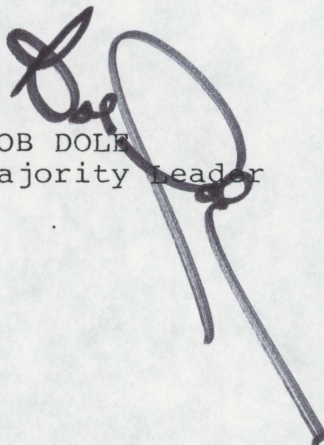
The adoption of competitive pricing for wheat sales to the Soviet Union could have the effect of discriminating against exports of corn to that market and could also result in lost sales of all U.S. farm products to other countries. While the Soviets have already bought more than the four million metric tons of U.S. corn required by the LTA, there should be no disincentive for them to buy more. In addition, potential foreign buyers of corn, soybeans, and other commodities are expected to defer their purchases until the current uncertainty and unevenness in U.S. agricultural trade policy is resolved.

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For these reasons, I urge the Administration to establish a clear and consistent policy on agricultural exports by extending its competitive-price program across-the-board for corn, soybeans, and other farm commodities to all legal markets. The international marketplace does not recognize or respond to efforts to control or direct the flow of non-strategic trade. If we are going to compete for world markets -- and our domestic supply situation gives us no other choice -- then we must join our allies in Europe, Canada, and Australia in selling at world prices.

I would appreciate your assistance in conveying to the President my continuing interest in meeting with him personally on this matter.

Sincerely,



BOB DOLE
Majority Leader