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30 September 1975

MEMORANDUM FOR THE RECORD:

SUBJECT: USSR and East European Grain
Purchases

The attached S-Project was LDXed to on 29
September for transmittal to William Seidman, White House Staff.

Office of Economic Research

Attachment:
As stated

(S-Project 09071)

CIA HISTORICAL REVIEW PROGRAM
RELEASE AS SANITIZED

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SOVIET AND EASTERN EUROPE GRAIN PURCHASES

The Soviets have recently bought about 3 million tons of wheat and other grains, thus raising their FY 76 contracts to about 20 million tons; East European purchases to date amount to 5.3 million tons.

	Total Purchases as of 29 September (Thousand Metric Tons)
USSR	20,250
Eastern Europe (including Yugoslavia)	5,307
Total	25,557

Additional large purchases are likely this year once the US and Canadian moratoriums are lifted. Indeed, Soviet sources have indicated that East European import requirements (excluding Yugoslavia) will come to 11 1/2 million tons. Expected Yugoslav needs would boost this to roughly 12 million tons. We believe the current level of Soviet purchases of 20 million tons is 25 to 30 million tons below Moscow's minimum requirements for this fiscal year.

Not all of this year's purchases by the USSR can at present be broken down by supplying nation and type of grain. Hence, the accompanying table shows only

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18.9 million tons differentiated on this basis. The remaining 1.4 million tons reported to have been purchased are likely to come from Canada (non-embargoed carry-over grain from 1974), Brazil, Spain and the E.C. An unknown number of the current contracts, however, probably include a clause that will permit the seller to supply the grain from the US or new Canadian stocks when the moratoriums are terminated.

So far, the volume of Soviet and East European purchases from non-US sources will not jeopardize their ability to supply traditional customers. A combination of good harvests and stock drawdowns will permit the large exports to the Soviets. Any additional sales to the Soviets, however, could adversely affect this position and create additional foreign demand for US grain. Such action will put upward pressure on prices, especially in wheat markets.

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Table 1

USSR: Grain Purchases, Confirmed and Unconfirmed,
by Contracting Country
(as of 29 September 1975)

	<u>Quantity</u> (Thousand Metric Tons)
<u>Total Grain</u>	20,250 <u>1/</u>
Wheat	11,850
Corn	5,253
Barley	1,600
Oats	101
Rye	60
 <u>Supplier</u>	
<u>United States</u> <u>2/</u>	<u>10,400</u>
Wheat <u>3/</u>	4,400
Corn <u>4/</u>	4,900
Barley <u>5/</u>	1,100
<u>Canada</u>	<u>4,121</u>
Wheat	3,810
Oats	51
Barley	200
Rye (unconfirmed)	60
<u>Australia</u>	<u>1,100</u>
Wheat	1,100
<u>Argentina</u>	<u>1,845</u>
Wheat	1,595
Corn	250
<u>Brazil</u>	<u>50</u>
Corn	50
<u>France</u> (unconfirmed)	<u>700</u>
Wheat	400
Barclay	300
<u>Germany</u> (unconfirmed)	<u>500</u>
Wheat	500
<u>Italy</u> (unconfirmed)	<u>98</u>
Wheat	45
Corn	53

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Table 1 (continued)

<u>Optional Origin</u>	<u>50</u>
Oats	<u>50</u>

1. Includes 1,386 tons undifferentiated as to supplier and grain.
2. Country of origin at seller's option.
3. Includes 200,000 tons contracted for in 1974 but not yet delivered.
4. Includes 400,000 tons contracted for in 1974 but not yet delivered.
5. Probably will be switched to equal amount of corn at seller's option.

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Table 2

Eastern Europe: Grain Purchases
for Delivery in Fiscal 1976
(as of 29 September 1975)

	<u>Thousand</u> <u>Metric Tons</u>
<u>Total Grain</u>	5,307
Wheat	2,568
Corn	2,650
Barley	81
Rye	8
<u>Supplier</u>	
<u>United States</u>	4,727
Wheat	2,068
Corn	2,570
Barley	81
Rye	8
<u>Argentina</u>	
Corn	80
<u>Other</u>	
Wheat (unconfirmed)	500

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