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By KSH, NARA, Date 8/7/01

MEMORANDUM OF CONVERSATION

PARTICIPANTS: USSR

General Secretary CPSU, L.I. Brezhnev
Foreign Minister Andrey Gromyko
Viktor Sukhodrev (Interpreter)

US

President Ford
Henry A. Kissinger, Secretary of State
William G. Hyland, State Dept. (Notetaker)

DATE & TIME: August 2, 1975 - 12:15pm - 12:35 pm

PLACE: Soviet Embassy, Helsinki

Brezhnev: Proceeding from the discussion you had with Ambassador Dobrynin, I want to say a few words on grain. You said that you had no problems with the purchase of 10 million tons, but that this should not be made public.

The President: As I recall, concerning the 10 million that had already been purchased we had no problems; if you phased out additional purchases you should come to Dr. Kissinger first, so that the purchases should be phased over time, so as not to cause a rise in prices; then there will be no problems.

Brezhnev: I realized that we have already bought 10 million, but we are prepared to go further and to purchase another 15 million, and in that conversation oil was touched on; in a little time, I can assure you that we can sell approximately 25 million tons over five years.

[Gromyko (to Brezhnev during interpretation): We could say 17 million tons of grain; Brezhnev replies: No, 15 million for now.]

The Secretary: 5 million tons a year?

Brezhnev: On the average, but not less than 25 million tons; at world prices with no overcharges, at current world prices. Thirdly, we are prepared to conclude a long-term agreement on grain purchases.

The President: For 2 years or 5 years?

Brezhnev: A minimum of five years, or simply say five years.

The President: Our problem is that we will know how good our crop is in about 3-4 weeks. If it is as good as it looks, then there is no problem. But I want to emphasize: do not go to the grain traders before discussing it with Dr. Kissinger. We will agree on how purchases are to be made, so that there will be no price increase; this is in both our interests. If we have a private exchange, and assuming our crop is as good as it appears to be, I will be very sympathetic. There is an additional point on oil. I gather you are talking about OPEC prices, but we have to have a discount, because there is ample supply from OPEC sources. We feel, however, that working out an arrangement on prices and purchases is important to our general relationship.

Brezhnev: What kind of discount do you have in mind?

The President: Pulling a figure out of my hat, I would say 20-25 percent below world prices.

Brezhnev: This is only between us (in this room); we will cooperate through Dr. Kissinger.

Gromyko: Kissinger, the world famous farmer.

The President: Don't go to the speculators.

Gromyko: No, we will go to Kissinger who charges 25 percent, but speculators only charge 2 percent.

