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THE WHITE HOUSE

WASHINGTON

December 9, 1975

MEMORANDUM FOR:

THE HONORABLE EARL L. BUTZ
Secretary of Agriculture

The President reviewed your letter of December 3 concerning your recent trip to the Middle East and Eastern Europe and indicated the following notation:

"Excellent"



James E. Connor
Secretary to the Cabinet

*Original to Bob Linder
for file*

THE WHITE HOUSE
WASHINGTON

December 5, 1975

MR PRESIDENT:

The attached are for your information.
They will be handled in a routine
manner unless you indicate otherwise.

Jim Connor

JCC
excellent

DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20250

December 3, 1975

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

I returned to Washington on Saturday after almost three weeks abroad -- mostly in the Middle East and Eastern Europe. These are areas of awakening markets for U.S. farm products and know-how. They are contributing a great deal to our farm export growth and to the success of our domestic farm policy. A policy of full production can succeed only in a world where trade is open to us and we can expand markets. Western Europe is growing only slowly as a U.S. agriculture market. Asia, while a tremendous growth opportunity for U.S. farm product sales, may have reached a temporary plateau.

For several years, Eastern Europe has been a growing market, especially for soybean products. This year, it is boosting sharply its import of U.S. grains, due in part to the failure of the Soviet Union as a supplier. The East European countries are expanding production of livestock and poultry, and are very much concerned about the European Community's restrictions on meat and poultry imports for the East. They and we have a common interest in lowering the protectionism inherent in the Community's agricultural system.

The Middle East, meanwhile, is expanding greatly as a U.S. agricultural market. The countries extending from Iran to Libya represent a U.S. farm market almost 10 times as large as it was only six years ago. These countries, like Eastern Europe, are concerned about the future. And they have the money to buy both products and technology.

In each country, both in Europe and in the Middle East, we found a "reaching out" to America for supply assurance, for technology, or both. They all need to expand production to feed their people better. Their populations are growing. The demands of consumers are being felt even in the most tightly controlled economies.

I talked with many leaders, including the Shah and President Ceausescu, about the need for the world virtually to double its food production by the end of the Century. If the world is to achieve this, it will require a massive infusion of modern technology and management know-how. While the farm-to-farm application of new production methods is essential, I believe that the job requires more than that.

The way that American agriculture has developed suggests to me that other countries would benefit from major structural and organizational changes based on the U.S. experience. Obviously these would have to be adapted to the different regions and cultures. Nevertheless, it appears to me that there is opportunity to transfer whole technologies in fields of livestock feeding, poultry and egg production, processing and feed manufacturing, and other areas where American productivity and management know-how have joined to create the unique American agri-business institutions.

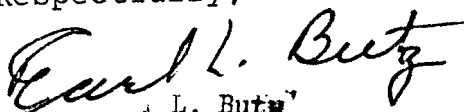
I am thinking of the integrated systems approach used in American business to combine science, capital, and management to get big jobs done. There is now developing in socialist countries and in many other lesser developed countries an atmosphere favoring this kind of approach -- perhaps in joint ventures. How to provide the catalyst to get multinational firms more deeply involved is the question. I am thinking that the market expansion work of USDA might be broadened to include not only the traditional promotion of farm commodities but also cooperation with international business to help other countries develop new production, processing, and marketing systems.

This would help all parties -- through improved food production in other countries, fair and legitimate profits for multinational companies, expanded markets for U.S. basic commodities, a more secure and stable world. I will be working further on this idea, since I am deeply interested in it and feel that the present bit-by-bit approach to world agriculture is inadequate.

Just a note about the Food and Agriculture Conference in Rome: The new Director-General of FAO, Dr. Saouma, seems to be taking a critical look at FAO programs and policies, and I think we can expect a practical and forward-looking administration from him. The thrust of our message to FAO was that FAO should rededicate itself to its original goal of expanding world production, avoiding glamorous but less essential activities that drain off money and manpower. Also I had very good meetings with agriculture officials in London and spoke to some 200 members of the National Farmers Union of the United Kingdom.

Let me say finally that the Shah and President Ceausescu both asked me to extend to you their warmest good wishes. There is in the world a great deal of good will toward you and the United States of America.

Respectfully,


Earl L. Butz
Secretary