MEMORANDUM FOR:

RECIPIENTS OF EPDM 3/NSDM 317

Attached is a dated copy of EPDM 3/NSDM 317 to replace the undated copy you received on February 24.

Jeanne W. Davis
Staff Secretary
Economic Policy Decision Memorandum 3
National Security Decision Memorandum 317

To: The Secretary of State
The Secretary of the Treasury

Subject: U. S. Participation in the Third
International Coffee Agreement

The President has reviewed a memorandum on U.S. participation in the Third International Coffee Agreement and has approved the recommendation that the United States sign the Third International Coffee Agreement and seek Senate ratification for the life of the Agreement but that implementing legislation should only be requested through 1979.

The President also approved quick announcement of our intention to join and that the announcement should stress the following points:

- We believe this Agreement fairly serves the interests of producers and consumers.
- The Agreement contains no specific price objectives, and will not operate in such a way as to sustain coffee prices above long-term market trends.
- We will seek implementing legislation for only 3 years, and the U.S. will thus have an opportunity to review the long-term impact of the Agreement on coffee prices before committing itself for the additional 3 years.
- The Agreement will begin with quotas suspended, assuring that during the current shortage period the Agreement will not work to maintain high prices.
- Once quotas do come into effect, they will automatically be suspended in the event of future periods of shortage and high prices.
- The Agreement will encourage producers to replant damaged trees and remove available coffee to the market, thereby increasing supply.
It should be made clear that current high coffee prices are the result of a major frost in Brazil last July that destroyed 70 percent of this year's crop.

The Secretary of State is hereby requested to undertake the necessary arrangements to announce this decision in accordance with the above.

Brent Scowcroft
L. William Seidman