lion tons of wheat sold will make scarcely a dent in the 78 million tons the U.S. now has available for sale.

An increase of the monetary value of the program is under consideration. In August, another $500 million was allocated to the loan guarantee program for the 1983 fiscal year, but as this fund remains untouched, it may be incorporated into the "blended credit" program.

Once the immediate surge in exports levels out in the second and third years of the blended credit program, the program will do little for U.S. agriculture exports. Most of the developing sector is excluded from the program by one entry requirement: that the importing nation is paying its debts. A USDA spokesman for International Trade Policy responded to the question of whether Poland and Egypt would benefit from the new program, by saying that Poland would not be one of the countries since "the East bloc countries were a bad credit risk, but Egypt had been paying". Under such "conditionality" large potential markets in Africa, and most Ibero-American nations, are inaccessible to American farmers. As a Cargill Corporation spokesman commented, while the program will be "helpful" to those nations that can already afford to buy U.S. products, "if the nation could not afford to buy anyway, it would not help them."

With the exclusion of the Third World, few markets remain, outside the Soviet Union and China, that could make any significant dent in U.S. supplies. A second requirement of the blended credit program, that the importing nation already have Most Favored Nation status, will exclude the Soviet Union. And although President Reagan stated that any sales to the U.S.S.R. would be guaranteed, the Soviets have not responded. While Secretary Block offered the Soviets 23 million tons of grain since the United States extended the grain agreement, it appears that the Soviets will not buy even as much as the 14 million tons they took last year. The agreement only requires that the Soviets buy 6 to 8 million tons in the period between Oct. 1, 1982 through Sept. 30, 1983. The reworded agreement, issued Sept. 30, assured the Soviets contract sanctity for 180 days on any purchases over the 8 million ton limit made before Nov. 30, but guarantees nothing after that. At a Nov. 29 press conference Block refused to extend the deadline date.

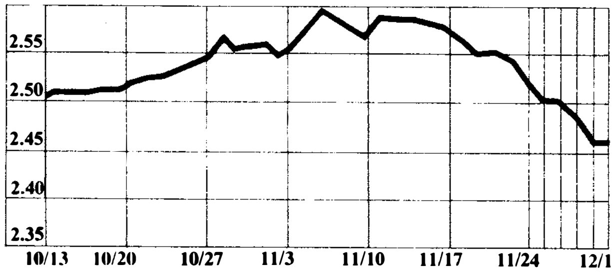
Soviet imports of U.S. grain have fallen from a 1979 high of 78 percent of their total imports, to 30 percent in 1982. Since December 1981, they have made new purchases only from Canada and Argentina, with whom they have long-term agreements.

Should rumors of a trade deal between France and the Soviets prove true, the United States will be left with little recourse under current credit policies than to begin dumping. France has reportedly been pressuring the EC to arrange a major cut-rate grain deal with the Soviets. If the United States decides to dump grain and dairy products, it could well undercut the EC, but only to the end of launching a trade war that will further collapse world trade levels.

Currency Rates

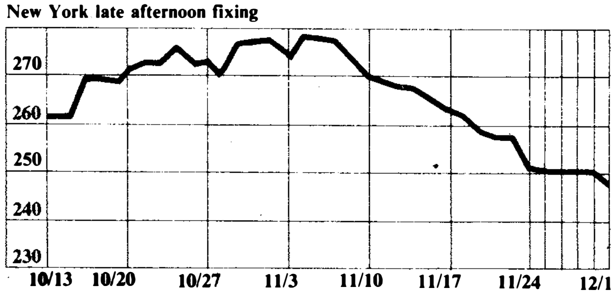
The dollar in deutschemarks

New York late afternoon fixing



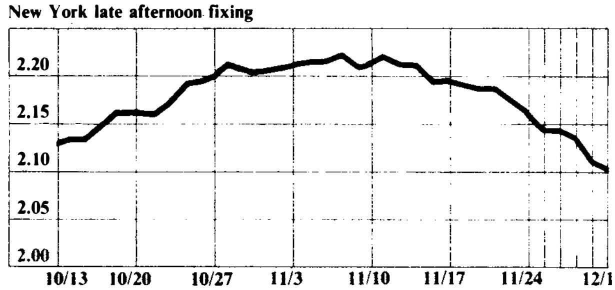
The dollar in yen

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing