

Ford Halts Grain Sale To Soviets

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The Ford administration, faced with dwindling U.S. supplies of corn and wheat, announced last night that it has halted a 125-million-bushel grain shipment destined for the Soviet Union.

President Ford summoned executives of two companies involved in the grain sale to a personal meeting with him in Washington today. He also directed that all major export companies be informed that, for the time, being, he expects that no large contracts for grain will be signed without specific prior approval of the White House.

The development came against the background of repeated statements by Agriculture Secretary Earl L. Butz that the administration would avoid export rationing. The announcement was made by Treasury Secretary William E. Simon. Butz was in California at the time.

A high Agriculture official said last night that the halt is not an embargo on U.S. grain exports and that it relates only to the 125 million bushels of corn and wheat involved in a transaction between the Soviet Union and two U.S. companies, the Continental Grain Co. and Cook Industries, Inc.
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The Simon statement said that the contracts, involving 91 million bushels of corn and 34 million bushels of wheat, were reported yesterday by the Department of Agriculture. The department recently instituted an export reporting program designed to detect grain exports.

Government calculations of this year's U.S. grain crop have shown that the corn harvest is estimated to be 11 per cent below last year's record harvest and soybeans are expected to be down 16 per cent. The wheat harvest is expected to be up around five per cent but worldwide need is anticipated to be up even more.

Government officials declined last night to spell out

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exactly how the decision was reached.

However, a senior Treasury Department official said the disclosure of the new export contracts within the preceding 48 hours triggered an immediate reaction within the Ford administration.

The large quantities involved in the contracts were said to be surprising to the administration and it was decided that this was the time to act.

Simon made the announcement because of his new role as director of the recently established Economic Policy Council. The senior official said Butz had been informed of the action, although he said he did not know if Butz had been involved in the discussions leading to the decision.

The senior official speculated that one of two future courses might be adopted by the administration. One alternative would have Mr. Ford ask the grain exporting companies to honor on a voluntary basis any request that grain exports be halted or reduced.

Another alternative would

be the imposition of a mandatory export control program.

Last winter, the State Department won the Soviet Union's voluntary agreement to curtail its imports of U.S. wheat until after U.S. agricultural experts could gauge the prospects for the wheat crop. Those restraints later were dropped and U.S. grain exports resumed after it was determined that the U.S. crop would be adequate to provide for domestic consumption and for exports.

Associated Press