

Russ Reported Canceling Part Of Wheat Deal

Washington

The Soviet Union has canceled its purchase of 100,000 tons of wheat ordered from the U.S. last year and is expected to call off delivery of another 100,000 tons in the next few days, authoritative sources in the grain trade said yesterday.

The cancellations cover almost a quarter of the remaining wheat sales to the Soviet Union from the 1974 crop. Combined with announcements Monday of import cutbacks of 601,000 tons of U.S. wheat by China, the news represented a first, faint sign that the worldwide scarcity of food grains might be easing slightly.

Agriculture Secretary Earl L. Butz, responding to an easing in the grain markets, announced that the government is modifying requirements for grain exporters to get approval for large sales abroad.

The Agriculture Department began supervising the foreign sales last October after a sudden Soviet buying spree.

At that time the department required exporters to get approval for sales to a single destination abroad of 50,000 tons in a single day, or 100,000 tons in a week. Henceforth the ceiling for these sales will be doubled, to 100,000 tons and 200,000 tons, respectively.

The relaxation applies to wheat, soybeans and soybean meal, but not to corn.

Butz said the decision "reflects our commitment to expanding our export trade in U.S. farm commodities" and marks a "return to trade that is virtually on a free basis, following the period in which tight supplies forced us into a program where the possibility of export controls was to a degree implicit."

The day-to-day surveillance of the market was imposed by Butz with obvious regret.

The export curbs and soaring prices combined to sharply reduce overseas orders. Prices began to decline last fall and went down further this month as farmers unloaded supplies from the 1974 harvest after the

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new tax year began.

The decline in export orders and prices also caused many foreign buyers to unload stocks bought out of fear of shortages and even higher costs.

"It is an old pattern," a Chicago grain exporter said. "When commodity prices start soaring, no buyer wants to be last in line. And when prices start down, no seller wants to be last."

The scare buying drove the March 1975 delivery, for example to a contract high of \$5.56 for a bushel of 60 pounds in Chicago late last October. Yesterday that delivery closed at \$3.90, unchanged on the day.

Informed industry sources said that the Soviet cancellations that became known yesterday had been worked out by executives of Cook Industries Inc., during a trip to Moscow earlier this month.

The Memphis firm and the Continental Grain Co. were the two sellers involved in last fall's controversial wheat and corn sale to the Soviets.

The sources said that Cook originally agreed to a Soviet request to write off 250,000 tons of the wheat shipments

from the 1974 crop, and to provide a like amount of corn from the 1975 crop in its place.

Later the wheat-corn swap was scaled down to 200,000 tons at Soviet request.

It was unknown whether the Continental Grain Co. would also reduce shipments to the Soviets.

Sources did not attribute political significance to the deal. They said that the Soviets' "commercial behavior was impeccable" in recent dealings with U.S. traders.

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