

SOVIET-U.S. TRADE ACCORD CANCELED IN CONTROVERSY OVER EMIGRATION OF JEWS

MOVE REGRETTED

Kissinger Announces Moscow Objection to Terms of Act

By LESLIE H. GELB

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WASHINGTON, Jan. 14 —

The United States and the Soviet Union have decided to nullify their 1972 trade agreement because of Soviet objections to a requirement imposed by Congress that Moscow agree to freer emigration of Jews.

The decision was announced at a news conference tonight by Secretary of State Kissinger.

"The Administration regrets this turn of events," Mr. Kissinger said. "It has regarded and continues to regard an orderly and mutually beneficial trade relationship with the Soviet Union as an important element in the over-all improvement of relations."

Mr. Kissinger said that the Soviet Union informed the United States last Friday that it could not accept a trading relationship based on the Trade Reform Act that was adopted by Congress last month and signed by President Ford on Jan. 3.

Act Tied to Emigration

This legislation made the granting of nondiscriminatory trade status to the Soviet Union contingent on its agreeing to liberalize the emigration of Jews.

Mr. Kissinger stated that Moscow regarded this linkage in the trade act "as contravening both the 1972 agreement, which had called for an unconditional elimination of discriminatory trade restrictions, and the principle of non-interference in domestic affairs."

"The Soviet Government states that it does not intend to accept a trade status that is discriminatory and subject to political conditions and, accordingly, that it will not put into force the 1972 trade agreement," the Secretary said.

As a result, Mr. Kissinger said, President Ford has also decided that the 1972 accord could not be put into effect.

In response to a question,

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Mr. Kissinger said that he had no indication that this development foreshadowed a hardening of Soviet-American relations across the board.

"Our policy of détente," he said, "remains in force."

But he added: "Should the decision herald a period of intensified pressure, the United States would resist with great determination and as a united people."

The Soviet Union had agreed to repay \$722-million in debts incurred during the nineteen-forties. The first three payments, the last of which was scheduled for this July, were

to total \$48-million, two have been made.

What tonight's announcement means, Mr. Kissinger explained, is that the Soviet Union will not receive the most-favored nation trading status that had been authorized in the trade reform act if the Soviet Union eased its restrictions on emigration, particularly of Jews.

It means also, Mr. Kissinger said, that the Soviet Union will not make any further payments on its Lend-Lease debts beyond this year. A pledge to repay the loans was included in the 1972 trade agreement.

The Russians will also be deprived of any further Government-backed Export-Import Bank credits, Mr. Kissinger said,

because these credits were tied to the Russians' receiving the equal tariff benefits.

The Secretary stated that after the Soviet communication was received on Friday talks were held through yesterday between the two Governments.

Soon after the 1972 trade accord was worked out, it became embroiled in American politics, with disputes dragging on for almost two years.

Efforts led by Senator Henry M. Jackson, Democrat of Washington, in the Senate and by Representative Charles A. Vanik, Democrat of Ohio, in the House, were made to tie nondiscriminatory trade status for the Soviet Union to assurance

from Moscow on freer emigration of its Jewish citizens.

Efforts were also made to limit American credits.

In a compromise worked out between Mr. Kissinger and Senator Jackson, the trade act of 1974 empowered the President to grant nondiscriminatory tariffs to the Soviet Union for 18 months if he certified that he had received "assurances" that freer emigration of Jews and others would result.

In separate legislation, the Export-Import Bank was required to limit credits to the Soviet Union to \$300-million over four years.

The President was permitted to exceed this limit if he deemed it in the national interest and Congress approved. Congressional approval was to be contingent upon Soviet fulfillment of the emigration "assurances," and Soviet behavior in the Middle East and in arms control negotiations.