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**Agency Hints Nixon
May Have to Drop
Quotas on Wheat**

WASHINGTON, Jan. 23 (AP) —The Agriculture Department said today that the prospect of dangerously low wheat supplies might force President Nixon to suspend import quotas so that United States bakers can get grain and flour from Canada.

The department said that wheat reserves might be down to 182 million bushels by next July 1, the lowest since 1947. A week ago the department estimated the stockpile would be 205 million bushels.

"It does indicate a little tighter situation and increases the possibility of importing wheat or flour," said Assistant Secretary of Agriculture Carroll G. Brunthaver.

Mr. Nixon has the authority to suspend quotas for wheat imports, which are currently limited to about 800,000 bushels a year. The United States Tariff Commission is studying the effects of removing quotas, but its report will not be ready until Feb. 15.

Mr. Brunthaver, under questioning, said White House action on raising the annual quota might come sooner. He also said the United States was conducting talks with the Soviet Union and Japan to see if they would delay orders of United States wheat until the 1974 crop is ready for harvest.

Previously, the department had asked private exporters to ask their foreign customers to postpone taking some of their United States wheat orders. The Russians have already delayed 18.4 million bushels through that arrangement.

June. Provided it don't start blowing too soon this spring, because what I planted in October is not up so good as yet," said John Hillard, a wheat farmer near Pratt, Kan.

Mr. Hillard said there was more wheat left in country elevators near Pratt than there was at this time in 1973.

"There's no way I can see we could eat up all the wheat available," he said. "If the bakers don't want it exported, they can pay the price and keep it here."

Two-thirds of the total wheat grown in America is winter wheat, the principal bread grain. This was planted last October to be harvested this spring beginning about May 15 in Texas and Oklahoma and continuing northward into July. Spring wheat is planted in the spring and harvested in late August.

Stored in Elevators

After farmers harvest their wheat, they place it in elevators or store it on their own

farms. From there it is sold to dealers and brokers, who resell it to American millers or export it. At commodity exchanges in Chicago, Kansas City, and Minneapolis, contracts for future delivery of wheat are sold and bought by speculators, dealers, and users themselves.

Virtually all wheat grown is milled for flour for human consumption. A small portion is kept for seed or used as animal feed.

For several years, domestic consumption of wheat as flour has hovered around 525 million bushels during a "crop year" from July to July. The roughly two-thirds remaining is exported or "carried over" in storage.

In the last two crop years, wheat exports have soared, the carryover has been drastically reduced, and the price of wheat and flour has shot up. After the Soviet Union and other countries began buying hard winter wheat in the summer of 1972, the price rose from less than \$1.50 to \$2.65 a bushel. It has now jumped to a record \$5.93 at Kansas City. Flour, in New York, has risen to \$14.45 a hundredweight. A year ago it was at \$8.95.

Export demand so far this crop year is 228 million bushels more than in the same period last year and there are still five months of selling to go.

But this week there were signs that this export pace was slowing. The Russians, for example, apparently now have enough wheat to last them until the new American crop is harvested next July. So they are postponing delivery from the 1973 crop and are buying future contracts for

the 1974 crop, which are cheaper. The wheat they put off accepting will probably return to the domestic market.

As a result of these and other factors in Kansas City, wheat futures for March delivery dropped to \$5.30 today, down 19 cents from yesterday, and to \$4.80 for July delivery, after the new crop harvest is well along.

Grain dealers reported Friday that many farmers had already contracted to sell their 1974 crops, after the end of June, for about \$4.90 a bushel.

These prices indicated that at least the farmers and the holders of future contracts for March and May did not believe wheat would climb much beyond the \$5.50 level, or they would not have sold for these prices.